

LOCAL ORGANIZATIONS IN DEVELOPMENT: BACKGROUND STUDY

LITERATURE REVIEW AND WORKS CITED

May, 2002

D&G IQC

Contract No. AEP-I-00-00-00019-00

Prepared by:

CREATIVE ASSOCIATES INTERNATIONAL, INC. (CAII)

for the

U.S. Agency for International Development
Bureau for Policy Planning and Coordination (PPC)
Office of Policy Development and Coordination (PDC)



TABLE OF CONTENTS

I.	EXECUTIVE SUMMARY	1
	The Task.....	1
	Topics Covered and the Structure of this Review	1
II.	DEVELOPMENT THINKING: What the Literature Tells Us	9
A.	PARTICIPATION	9
	SUMMARY OF SIGNIFICANCE FOR POLICY	9
	Significance of Social Inclusion	10
	Participation Forms Social Capital	10
	Factors that have Created a Context For Participation	11
	Donors Universally Endorse Participation	12
B.	CIVIL SOCIETY AND GOVERNMENT	14
	SUMMARY OF SIGNIFICANCE FOR POLICY	14
	Civil Society Defined	14
	Parts of a Whole Joined by Social Capital.....	15
	Convergence and Integration of Local Government and Civil Society	16
	From Antagonism to Exchange of Leadership	17
	REFERENCES AND ABSTRACTS	18
C.	SOCIAL CAPITAL.....	23
	SUMMARY OF SIGNIFICANCE FOR POLICY	23
	Local Organizations and Networks: Ends in Themselves	23
	Social Capital Defined: Organizations and Linkages.....	23
	Some Expected Outcomes from Linkages	24
	Enhanced Local Problem-Solving Capacity	24
	OVERVIEW OF BEST PRACTICES AND LESSONS LEARNED	25
	Balancing Advocacy with Enabling.....	25
	Cost Benefit Analysis	25
	REFERENCES AND ABSTRACTS	26
D.	DECENTRALIZATION AND GOOD GOVERNANCE	29
	SUMMARY OF SIGNIFICANCE FOR POLICY	29
	Synergisms from Participation and Decentralization	31
	Examples of Decentralizing Countries	31
	Participation and Decentralization – Antagonists that are Converging	32
	Participatory Planning: An Agenda to Facilitate Local NGO and Government Collaboration	33
	Decentralization Implies Culture Change	34
	Caution: Decentralization May Take Decades	34
	Decentralization Requires Vertical and Horizontal Linkages	36
	REFERENCES AND ABSTRACTS	37
	REFERENCES AND URLs.....	38
E.	CONFLICT PREVENTION	39
	SUMMARY OF SIGNIFICANCE FOR POLICY	39
	REFERENCES AND ABSTRACTS	41
	REFERENCES AND URLs.....	46
F.	PARTNERSHIPS	47

SUMMARY OF SIGNIFICANCE FOR POLICY	47
Horizontal and Vertical Linkages Among Partnerships	48
Recommendations Specific to Types of Partnerships.....	49
Cross-Cutting Synergies	50
REFERENCES AND ABSTRACTS	50
Contractual Themes (OPGs, CAs, IQCs).....	55
REFERENCES AND URLs.....	56
G. Poverty and Gender Issues	59
SUMMARY OF SIGNIFICANCE FOR POLICY	59
Poverty	59
Gender Issues.....	61
REFERENCES AND ABSTRACTS	62
REFERENCES AND URLs.....	69
III. OTHER-DONOR POLICIES AND PROGRAMS: Donor Agreement on the	
Same Major Themes.....	70
SUMMARY OF SIGNIFICANCE FOR POLICY	70
REFERENCES AND ABSTRACTS	72
REFERENCES AND URLs.....	88
IV. OVERCOMING LIMITATIONS: Strengthening Local Organizations	91
SUMMARY OF SIGNIFICANCE FOR PROGRAMS.....	91
Importance of Local Organizations.....	92
Four Key Concepts for Assessing Organizations	93
Linkages.....	94
Differentiation	95
Solidarity	96
Management Style	97
Mechanical Leadership Style and Organizational Structure	97
Diagnosis and Performance Improvement	98
REFERENCES AND ABSTRACTS	98
V. SUMMARY OF FINDINGS AND LESSONS LEARNED	108
Illustrating a Comprehensive “Enabling Environment”	116
Envisioning the Enabling Environment for Local Organizations	117
VI. CONCLUSION.....	118

Annex A - Operational Aspects

Annex B - Works Cited

I. EXECUTIVE SUMMARY

The Task

Why is it important to treat local organizations as a separate area of development policy? The goal of USAID policy statements is to provide general development and sectoral guidance on the Agency's objectives and how to achieve them. State-to-state development assistance is one legitimate source of aid to developing countries, and development assistance to specifically local organizations is a separate, equally legitimate source of aid that is different in scope, implementation issues and constraints.

This paper is a review of the literature covering trends and progress in the theory and practice of "local organizations in development." In 1984, USAID issued a policy paper on this theme which at the time, was groundbreaking work on the emerging realm of local organizations (LOs) and how donors could work with them. To address the many changes that have taken place, USAID commissioned a research effort to update the 1984 state-of-the-art review.

This examination accounts for the changes in development theory and the implications for assistance policies. Areas covered include: the relationship between LOs and poverty reduction; democratic governance; gender equality and conflict prevention; the role of the enabling environment in fostering LOs and the lessons learned between their horizontal and vertical expansion; limitations of LOs; and donor-assistance policies and programs.

Topics Covered and the Structure of this Review

This literature review divides the coverage into the following key areas:

- Participation
- Civil society and government
- Social capital
- Decentralization and good governance
- Conflict prevention
- Partnerships
- Poverty reduction and gender equality
- Other donor policies and practices
- Limitations of local organizations
- Enabling environment

For each topic, the review explains its policy significance, summarizes the main results of the literature review, and in most cases presents abstracts and references of the principal contributions in the literature. Key sections also summarize best practices and lessons learned. Since this review focuses on policies and their implications for assistance, operational aspects emerging from the literature are summarized in Annex A.

In 1984, concepts of social capital, democratic governance, civil society and advocacy, decentralization and partnerships, were either not yet in the lexicon of development theory or at the early stages of thought. These concepts, explored and deepened by development theorists, planners and practitioners since 1984, are the subject of this paper.

Participation: Donors have joined in identifying participatory mechanisms as key to successful development interventions. Where state-to-state development assistance represented the preponderance of donor programs in the 1980s, the 1990s saw a shift towards more participatory programs based on experience and limitations of government programs. The 1980s focus on policy reforms and economic adjustment in the public sector was not accompanied by dramatic improvements in equitable economic growth and poverty reduction. These failures, fueled by host governments' incapacity, resource constraints and their frequently haphazard commitment to broad-based sustainable development, required a shift by donors toward more direct assistance to non-governmental organization (NGO) programs, often administered through both international and local NGOs.

Based on studies and field experience, USAID and donors have endorsed participation as a key objective, and have increased efforts to enhance participation, recognizing that more participation is essential to:

- Enhance “social capital,” meaning the building of linkages and networks among organizations to increase efficiency and impact;
- Support the new strategies of democratization, including civil society and decentralization, with citizens capable of identifying and addressing their problems, such as poverty; and
- Provide a better response to demands from the grassroots population.

Enhancing participatory development involves donor support to both the public and private sectors at the national and local levels. Donor support to participation has created major changes in development strategy during the past decade – specifically in the areas of democratization, civil society, decentralization and conflict prevention.

Civil Society: Civil society is the aggregate of organizations outside the public sector representing the interests of private citizens and groups (communities) in advocating for their priorities and needs, and taking action on their own to meet some of these needs. Civil society organizations (CSOs) are usually (though not exclusively) defined as non-profit, thus distinguishing them from private sector organizations (economic actors), and as self-governing and voluntary (autonomous, separate from the state). They are usually also defined as non-religious and non-political. The concept of civil society has become central to strategies of participation and democratization. Some developing country governments, usually those with less-than-total commitment to democratization, view civil society as oppositional to their interests. In such countries, donor programs emphasize direct support to CSOs *vis-à-vis* direct government support programs. The literature demonstrates that levels of support by USAID and other donor programs to non-governmental agencies have been increasing steadily, with some donors allocating a significant portion of their development assistance budgets to NGOs. Although the term civil society is usually perceived from an urban and formal perspective and often *sans culture*, it is important that the traditional organization of society in the form of tribes, ethnicity, clans, matriarchy, patriarchy and even ethnic groups organized under warlords be considered as the organizational components of civil society. Even though some forms of civil society may be considered the antithesis of modern society, they represent vital stakeholders and are an important component of organized civil society. The term “civil society” and its application throughout this review are meant to be inclusive. Indeed, in the literature and the interviews there were many suggestions that programs and operating Units make it a policy to constantly reach out to these informal and traditional forms of social organization.

Decentralization: Decentralization is one of donors’ key strategies to improve governance. It is the delegation or redistribution of central government authorities to lower levels of government, along with the autonomy and responsibility for carrying them out. Participation and a vibrant civil society are important corollaries to decentralization. The literature shows that the two concepts come from “antagonistic traditions,” but they are now converging. In some countries this antagonism has evolved into a collaborative, problem-solving effort, especially where governments have become democratic and participatory. Donors now see the two concepts as parts of an overall system of good governance and democracy necessary for successful decentralization, often combining their programming in an integrated manner.

Decentralization requires participation, but participation cannot succeed without the opportunity for effective decentralization of some government services and responsibilities. The biggest challenges to implementing effective decentralization are local public and private organizational capacity and resource mobilization. Typically central government budgets are inadequate, and decentralization imposes additional budget and capacity demands. The review of cases from Latin America, Africa and Asia shows that such programs are

integrating publicly elected bodies that have political legitimacy with private organizations that have needed expertise to form a network of linkages that enhance the local problem-solving capacity. The studies indicate that programs in Latin America are more advanced than in Africa, where decentralization programs are more recent and central governments are struggling to implement them.

Donor support for an appropriate enabling environment for the fostering of civil society (NGOs and other CSOs) is critical. "Enabling environment" as a term and strategy means going beyond the formality of laws for regulation and registration of local organizations to the creation of opportunity and structures in order for local organizations to flourish and engage with others and government agencies to address problems and provide services.

An important policy consideration is to build into decentralization strategies programs of local resource mobilization. A number of USAID-funded programs – such as examples in Indonesia, Senegal and Latin America – point to methods for applying such a strategy.

Social Capital: This has been the area of largest intellectual expansion since 1984. Building on the concept of capacity building and institutional strengthening, social capital is the structure or network of linkages among organizations. Without local organizations, individuals cannot aggregate their interests, and networks are restricted to traditional family and kinship structures. This is not to say that traditional family ties and kinship structures, as well as tribal organization, are not part of the social capital of society; on the contrary, those organizational structures are important and supporting sets of linkages and shared values. Indeed, in many countries the chore is the modernization of the state and tribal structure in order to build linkages between tribes as federations in an effort to reduce conflict. Social capital's impact is to increase organizational efficiency, reduce the marginalization of disadvantaged groups (i.e., minorities and women), enhance pluralism (and gender participation in development), and increase local problem-solving skills. Social capital also underpins the partnership concept.

The relations formed as a result of the convergence of local government and civil society described above are part of the social capital linkages that lead to increased problem-solving capacity and efficiencies for local organizations. Enhanced social capital extends the linkages beyond the community to regional, national and even international sources of expertise and funding.

If donor policies toward local organizations focus on the linkage and networking aspects, the local organizations can become more efficient, have broader and more representative membership and constituency, and accumulate greater problem-solving skills. Over time local organizations will find their capacities and linkages steadily expanding and strengthened. This focus on the network and

linkages of social capital as concepts for a policy toward local organizations, as an end in themselves, will lead to more diverse communities with greater freedom of expression, access to information, participation in debate, and greater problem-solving capacity.

Enhancing social capital should be a specific USAID policy objective as an end in itself.

Conflict Prevention: Most successful donor-supported conflict prevention programs take place at the local level. The literature on conflict prevention programs is vast, and its relevance to this study is the impact of such programs on local organizations. Developing countries required to devote some of their meager resources to dealing with outbreaks of conflict and violence are learning the positive impact of mitigating and preventing conflict at the local level. Examples are Nigeria, Indonesia, Guatemala, Sri Lanka and South Africa.

Working with local organizations to promote empowerment, advocacy, decision-making and participation in citizens' own development presents opportunities to prevent the resort to violent solutions by groups alienated from the mainstream of society. USAID programs can play an important role in reducing or mitigating the incidence of conflict by opening up societies to include marginal groups on the periphery of the political process. Carried out successfully, such programs obviate the alternate, and far less preferable, program approach – the need to combat the effects of conflict and terrorism. However, it is important that donor support for civil society advocacy be balanced with programs to support the enabling environment of public institutions. If advocacy outpaces the capacity of government to deliver services and assist in solving local problems, frustrated advocates can be more marginalized and the process may discredit the very system that is being developed or changed.

Partnerships: The notion of partnership has become an increasingly important policy concept. The word “partnerships” has superseded if not replaced terms such as host-country nationals and beneficiaries, and is meant to include all stakeholders, contractors, PVOs/NGOs, grantees and the like. The partnership concept infuses USAID's strategy of collaboration with other agencies, NGOs, implementing agents and communities. For purposes of this study, the concept of partnership applies to linkages between and among local organizations and other collaborating agencies and supporting groups. Among recent examples of partnerships are the New Partnership Initiative (NPI) in the Clinton Administration, and the more recent Global Development Alliance (GDA) under Administrator Natsios. NPI deepened the formal links between USAID and the U.S. NGO community. The GDA aims at maximizing the involvement of private capital in the development process, and at institutionalizing the collaboration among public, private and other groups to maximize the impact on results, recognizing that U.S. official development assistance will always be inadequate

to address the range of issues such as global poverty, hunger, disease, gender discrimination, and environmental decline.

The continual forging of these partnerships is an important effort to extend the network of linkages (both horizontally and vertically) and to build the enabling environment for the mutual goals of donors and local organizations. A partnership-type relationship with local organizations is the most promising way to build social capital and enhance sustainable impact. Successful partnerships require a commitment to common goals and shared vision, open communication and adequate management capacity within the partner organizations.

Poverty Alleviation and Gender Inequality: Two key goals of donor assistance are alleviating poverty and affording women equal social and economic opportunities. These goals depend in part on the organization of society and the priorities that participating citizens establish. Community involvement and social capital enhance the role of local citizens in economic choices. Building social capital, aimed at identifying and solving problems, has an economic and poverty-reduction dimension.

Poverty alleviation is essential for societies to move towards greater economic and social equity. Capable local organizations can have a positive impact on poverty alleviation if they are empowered with local management responsibilities and can work with effectively decentralized institutions. They can also play key roles in mobilizing greater local resources. Participatory democratic institutions enhance the role of LOs and local government in reaching the poor and disadvantaged. Local organizations are the most obvious channel of support to the poor. A policy of strengthening local organizations, integrated into local government, and the creation of new linkages among them, enhances local capacity to focus on poverty issues.

The role of women in most societies is subordinated to that of men. USAID and other donor programs of support to local organizations can benefit women by offering them new, previously unavailable opportunities, particularly opportunities to organize. Donors recognize that improving women's status benefits not only women but society at large, by means of providing wider educational and economic choices that lead to higher incomes (reduced poverty) and healthier families. The growth of civil society has benefited women in particular because civil society provides them with the opportunity to form new and non-traditional organizations in which they can express their goals and aspirations in areas previously unobtainable by them.

Support for an enabling context has been and continues to be a crucial factor to ensure that women can be active participants in the decentralization process and in participatory planning, as well as active members of such associations as credit organizations and health services. The expansion of linkages provides women with opportunities beyond individual projects; they legitimize women's

groups and convey prestige to them as a group, and this transfers to the esteem with which they are held in general. It is another example of how diversity of membership in civil society can be increased by linkages that bring new perspectives and ideas into the local context.

Other Donors: All donors share a common commitment to participatory development and support to an appropriate enabling environment, but they differ in approaches. Smaller European donors tend to be less involved in specific policies with respect to local organizations because of their limited management capacity. They typically provide funds to their NGOs and let them decide on sectors of concentration, though most donors determine the choice of countries receiving the aid through its NGOs. Japan and many European bilaterals also provide funds for local NGO support through trust funds administered by the UNDP or the World Bank. The most prominent donors in the field of support to CSOs and local organizations are: the World Bank which has set up NGO Liaison Offices in several countries; the E.U. which has formal linkages to European NGOs with respect to its development activities; UNDP's Decentralized Governance Program (DGP); Switzerland which has supported decentralization programs extensively; and the U.K. and CIDA with major programs of support to civil society. France has been a major supporter of decentralization in Africa.

The World Bank has linked poverty reduction to local organizations through its programs of social investment funds and "demand-driven investment funds" (DRIFs). The Bank's "Community-driven Development" program has provided grassroots support to many of its country field programs.

Limitations of LOs: Most of the review has addressed programs working with local organizations and their role in development, decentralization, social change and governance. However, the level of local organization development is related to the level of development of the social, economic and cultural context because the organizations are a reflection of that context. Thus, local organizations have limitations that civil society support projects try to address. From the experience with support projects a series of lessons and tools has been developed, making an assessment of the limitations both systematic and necessary. It is important for donors to understand the underlying variables that these tools or methods assess in order to understand the limitations in a given context. Four basic structural criteria have been identified to assess an organization's limitations: linkages, differentiation, pluralism and solidarity.

Linkages are the number of formal and informal contacts among local organizations of all types, profit and non-profit, private and governmental. The more an organization is linked to a network, the better able it is to create coalitions to achieve common objectives and access resources. *Differentiation* is the diversity of skills within an organization, which determines its ability to interact with donors. An organization with a low level of differentiation is less able to

work with other organizations. *Pluralism* signifies an organization's ability to accommodate a variety of ideas and apply them to its own vision, and use this diversity of ideas to enhance its contribution to achieve results. *Solidarity* is the strength and commitment of the organization to carry out activities and achieve its planned results, which depends on the members' shared understanding of the organization's objectives.

Organizational weaknesses are characterized by low technical capability (level of differentiation), limited commitment to common goals, narrow range of ideas and views of its members, and isolated links to other similar organizations. Donors need to understand and assess these variables to identify the most appropriate organizations for assistance. Incidentally, these same concepts can be used to assess and compare the social organization of communities as well as geographic areas.

Enabling Environment: Donor support for an appropriate enabling environment for the fostering of civil society (NGOs and other CSOs) is critical. As an overall perspective from which to view its importance and as a strategic approach to working with local organizations, the concept of an enabling environment should be comprehensive. "Enabling environment" as a term and strategy means going beyond the formality of laws for regulation and registration of local organizations to the creation of opportunity and structures to ensure local organizations flourish and interact with one another and government agencies to address problems and provide services. The cases reviewed have shown that decentralization, participatory planning with NGOs by local government, direct donor support to the local organizations, and donor advocacy at the national level, form the enabling environment.

II. DEVELOPMENT THINKING: What the Literature Tells Us

A. PARTICIPATION

SUMMARY OF SIGNIFICANCE FOR POLICY

The 1984 USAID Policy Paper on Local Organizations in Development¹ put emphasis on participation through local organizations and on linkages among those organizations. This paper identified four main functions of local organizations:

- To generate local revenues which supplement central government and donor funds;
- To implement central government activities;
- To give expression to private development initiatives; and
- To communicate local needs and capacities to central authorities.

In retrospect these four functions may seem limited; however, they were ample policy guidelines to encourage, for example, programs such as private for-profit business involvement with the non-profit sector, and the development of business roundtables and chambers of commerce as initiators of development activities, on the one hand, and of democracy/governance and electoral reform for national as well as local government on the other. As will be explained, the interaction and the forging of links and networks between each other is what forms social capital, but that terminology and sociological perspective came 15 years after the 1984 policy paper.

In the intervening years it has been noted that progress and institutionalization of participation have been slow;² others have identified the qualitative costs of participation;³ and yet others have quantified both the positive cost/benefits of programs to strengthen local organizations⁴ as well as the advances in the

¹ USAID, Bureau for Program and Policy Coordination (Washington: USAID/PPC, Mar. 1984).

² Robert B. Charlick, "Popular Participation and Local Government Reform," *Public Administration and Development* 21:2 (May 2001): 149-157.

³ Benjamin Crosby, "Participation Revisited: A Managerial Perspective." Monograph No. 6. USAID Center for Democracy and Governance Project No. 936-5470.

⁴ Kris Merschrod, "The Impact of Training on NGO Management Practices - Before and After Study of NGOs Trained in 1996" (Lima: Pact PVO Support Project, Sept. 1998) and Kris Merschrod, "The Impact of Training on NGO Management Practices and Resulting Increase in NGO Efficiency." Study of 89 NGOs Trained in 1995 (Lima: Pact PVO Support Project, Dec. 1997).

Norman Uphoff, and C. M. Wijayarathna, "Demonstrated Benefits from Social Capital: The Productivity of Farmer Organizations in Gal Oya, Sri Lanka," *World Development* 28:11 (Nov. 2000).

formalization of participatory mechanisms in decentralized local government.⁵ The participation theme is woven into all of the themes in this review of the literature on local organizations.

In the section “Poverty and Gender Issues”, this paper reviews specific policy recommendations for women. In this section on participation in general, at the sub-national level (e.g., provincial, municipal and local representatives to national legislatures), it is important when considering governmental and electoral reforms to address the marginalization of the same groups identified as needing a voice in the community.

Significance of Social Inclusion

“Communities are not homogeneous entities, nor are they all equipped with representative, accountable and transparent organizations. Differences often divide communities along lines of wealth, gender, ethnicity and other social factors that often exclude women, the poor and the marginal from having a voice in community decisions and from enjoying the benefits of local development investments. It is therefore critical that community-driven programs ensure that all community subgroups have a voice in and benefit from community actions. Methods can include support to common interest and self-help groups that enable less powerful community members to organize around their priorities, thereby developing management skills and confidence to influence larger community organizations and local governments.”⁶

Community-driven development is addressed in greater detail in the discussion on other-donor policies and programs in Section III of this review. Mention of it is made here due to its direct impact on local-level participation and its indirect promotion of social capital.

Participation Forms Social Capital

The effort and investment in facilitating participation, participatory methods and strategies, and the underlying hypotheses appear to have been justified as a necessary investment for major changes in development strategy during the past decade – specifically in the areas of democratization, civil society, decentralization and conflict prevention. (A report⁷ on cases involved in one of the original USAID-funded participation studies disproves this assertion.⁸)

⁵ The Bolivian case is well documented, cf., Harry Blair, “Civil Society Strategy Assessment for Bolivia & El Salvador” (Washington: USAID C/DG, 2002).

Jaime Medrano, “Participación Popular y Descentralización – 3 Municipios de Cochabamba” Unpublished draft for Japanese-funded IDB study (2000).

Kris Merschrod, “Decentralization, Participation and *Gobernación* – antagonists from distinct traditions” Rural Sociology Meetings (Washington, Aug. 2000).

⁶ World Bank Workshop on Poverty Reduction, “Participation,” online (2000).

⁷ Charlick, “Popular Participation” 149-157.

⁸ Cornell University Participation Project.

Moreover, the relatively recent introduction of the umbrella concept of social capital⁹ to sociological¹⁰ and development¹¹ literature provides greater understanding and support for the meaning of participation through local organizations. It also shows the importance of linking local organizations vertically and horizontally into networks that form the context and structure that will support decentralization, conflict management and democratization. The evolution of development policy and theory is explained under these themes below, all of which depend upon participation.

Factors that have Created a Context For Participation

A number of factors have combined to create contexts in which participation on the part of local organizations has become not just possible, but a key emphasis as well, e.g.:

1. Donor and grassroots pressure for participation;
2. Programs or development strategies that have implemented decentralization;
3. Government administrative theory;
4. Ideology; and
5. Geopolitical¹² shifts that brought on democratization.¹³

The importance, and even the primacy, of participation as the principal objective has not been lost with the evolution in development thinking. In some ways, it remains the glue that ties together the principal themes explained below: civil society, social capital, decentralization and partnerships.

Another major impact of advances in participation regards the roles of NGOs and local governments. Twenty years ago in most developing nations, instances of collaboration between NGOs and local governments were rare (as were the examples in which locally elected governments existed).

This is one of a few key shifts in administrative theory and development strategies that have evolved in the last 20 years that depend upon the

⁹ Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon and Schuster, 2000).

Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton: Princeton University Press, 1993).

¹⁰ E. Wall, "Getting the Goods on Social Capital," *Rural Sociology*, 63:2 (1998).

Frank W. Young, "Review Essay: Putnam's Challenge to Community Sociology," *Rural Sociology* 66:3 (2001) pp. 468-474.

¹¹ Desgupta and Serageldin, eds., *Social Capital: A Multifaceted Perspective* (Washington: The World Bank, 2000).

¹² For example, the break-up of the Soviet Union, the peace accords in Guatemala and El Salvador, and the fall of political dynasties in Indonesia and the Philippines.

¹³ The Popular Participation Law of Bolivia in 1986 is, perhaps, the most celebrated case of constitutional reform combining local participation and decentralization.

participation of the population. The engagement of the population in these strategies depends upon the aggregation of interests – the aggregation is found in CSOs, notably local organizations.

Donors Universally Endorse Participation

Concurrently, with the change in the enabling environment, all donors now endorse participation explicitly as a key objective. As early as the 1984 policy paper, the donor community itself was becoming more participatory, going beyond central governments' assessments of needs to include local NGOs' assessments and their participation in planning, as is described in the "Partnership" and "Other Donor" sections below. Alongside this donor-supported decentralization trend, donors, and notably USAID, have supported programs aimed at increasing local participation.

Two examples of how other donors have evolved follow. These are more fully explained in the chapter on "Other Donors" below.

- The World Bank began to put into practice its partnership reviews by establishing an NGO Liaison Office in selected countries (beginning in 1995) so that local organizations would be included in the discussion of new initiatives.
- The importance of the participatory aspect of development strategies interested the Japanese government (1999) – a traditional funder of hardware and technical assistance provision for development efforts – to fund an Inter-American Development Bank (IDB) study of participation and decentralization¹⁴ projects in six countries covering local government, education, police management, and popular participation in social investment funds as an input for development policy.

Thus in the last 30 years, participation has evolved from a scene of grassroots and NGO clamor for donor support to that of serving as one of the central pillars of donor policy. At the local level, participation has evolved from the same grassroots clamor that has enhanced the advocacy role of civil society for constitutional reform and the restructuring of government to promoting an appropriate enabling environment and decentralization of authorities.

While the literature reveals a number of positive findings, it does not indicate that all participatory goals have been reached. In fact, most of the world's cases indicate a significant level of non-participation. The experience of the intervening years shows the importance of continuing the emphasis on participation and the linking of local organizations as an Agency policy.

¹⁴ Japanese Consulting Fund TC-98-12-05-RG, 1999-2000.

In the following sections the participation and linkage themes are expanded and explained in terms of development strategies and challenges – civil society, decentralization and conflict prevention – as well as from the perspective of social capital. The paper also reviews the role of local organizations in gender equality and poverty alleviation based on donor experience.

B. CIVIL SOCIETY AND GOVERNMENT¹⁵

SUMMARY OF SIGNIFICANCE FOR POLICY

Civil Society Defined

The Advisory Committee on Voluntary Foreign Aid (ACFVA) defines civil society with five points:¹⁶

- 1) They are *organizations*, in that they are formally or informally organized around shared purposes;
- 2) They are *non-governmental*, and therefore are not part of the state apparatus;
- 3) They are *not-for-profit*, in that they do not exist primarily to distribute profits to their owners;
- 4) They are *self-governing*, rather than externally controlled; and
- 5) They are *voluntary* both in the sense of being non-compulsory and in the sense of voluntary involvement in their governance or operations.

Salamon and Anheier used the same five criteria, plus two others, to define civil society:¹⁷

- 6) Non-religious, i.e., not primarily involved in the promotion of religious worship or religious education. This criterion excludes congregations, synagogues, mosques and churches, but leaves church-related and religiously affiliated organizations with the nonprofit sector.

¹⁵ The USAID Office of Democracy and Governance (DCHA/DG) offered some useful comments on this paper from a political science perspective. Due to the short timeframe within which the consultants were operating, not all of these perspectives are reflected in this report. These include the distinction between the state and society, making the point that local government has responsibility for the general or public interest while local NGOs are more in line with special interests. The reviewer also cautioned that, before the convergence theme of NGOs working with local governments can be encouraged by the Agency across sectors, there should be a body of research to support it so that the intervening variables are identified and understood.

¹⁶ USAID ACVFA, "USAID and Civil Society: Toward a Policy Framework" Exposure Draft, (Washington: USAID ACVFA, 5 Mar. 1999).

¹⁷ Lester M. Salamon, and Helmut K. Anheier, "Social Origins of Civil Society: Explaining the Non-profit Sector Cross-Nationally," a paper presented at the Second Annual Conference of the International Society for Third Sector Research (Mexico City: 18-31 Jul. 1996).

- 7) Non-political, i.e., not primarily involved in promoting candidates for elected office. While this criterion excludes political parties, it preserves advocacy and civil rights and similar organizations as part of the non-profit sector.

Although the usual subject of these two cited sources is not the tribal, nor the culturally based organizations of traditional society, it is important to stress that both the interviews¹⁸ and the literature¹⁹ indicate the importance of these types of social organization to the concept of civil society. To call them “informal,” especially the tribal, but also the traditional support groups, is to ignore the rules and rituals that, although unwritten as in the case of by-laws, bind the members and guide and prescribe their actions. These types of organizations have the bond of beliefs and shared values — important social capital that should not be ignored.

Parts of a Whole Joined by Social Capital

Although civil society and local government have long been separate areas²⁰ of professional specialization, investigation and development programs, these two segments of local organizations should be seen and perceived as parts of a whole.²¹ The integrating concept is social capital, with the local organizations, be they publicly elected bodies with political legitimacy responsible for solving the collective needs of the local population, or private organizations pursuing specific membership or constituency needs, forming a network of linkages which enhance the problem-solving capacity of the organizations involved at the local level.

At the same time that the academic and PVO communities have treated these two areas of local organizations as separate, the evolution within USAID began along separate lines, carefully defining civil society as excluding local government.²² Indeed, the Democracy and Governance Office (formerly C/DG)

¹⁸ The people interviewed at InterAction made this clear.

¹⁹ N. Messer, “Relating Social Capital, Traditional Community Institutions and Decentralization Processes” (1998). (http://www.ciesin.org/decentralization/Entryway/issues_list.html) Then click on the article name.)

²⁰ Salamon and Anheier, “Social Origins of Civil Society.” and ACVFA, “USAID and Civil Society.”

²¹ The UNDP Local Governance Report of the United Nations Global Forum on Innovative Policies and Practices in Local Governance (Gothenburg, Sweden, 23-27 Sept. 1996) notes, “In fact, the phrase civil society has taken on many meanings in the contemporary discourse on democratization. For most purposes, civil society can be thought of as one of the two fundamental elements of contemporary governance.” Local government is the other formal element.

²² “Civil Society is an increasingly accepted term which best describes the non-governmental, not-for-profit, independent nature of this segment of society...The range of groups receiving USAID assistance includes coalitions of professional associations, civic education groups, women's rights organizations, business and labor federations, media groups, bar associations, environmental activist groups, and human rights monitoring organizations. Also of great

is separate from the Office of Private and Voluntary Cooperation (PVC) in the new Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA). At the USAID Operating Unit level, programs supporting NGOs and local government often represent separate SOs. This separation is also found among other donor agencies.²³ Nevertheless, there is some convergence and signs of integration to combine both local government and civil society organizations in donor programming.

From the perspective of some civil society support projects engaged in decentralization and government reform, it may appear that CSOs are not development NGOs in the usual socioeconomic development sense, and that the CSO role is to mediate between the individual and government. Indeed, this distinction in both academic and USAID circles has created a narrow definition of the meaning of "CSO" to focus some civil society support projects only on advocacy or as mediating organizations for governance reform efforts thus limiting funding availability to this sub-group of CSOs.²⁴ Mediation is just one possible role of CSOs, but not the defining role; in fact, they do not have to mediate at all. They can if circumstances merit, and often do as pressure groups, but most CSOs are just dealing with local interest problems and issues. Civil society is a general reference to non-governmental organizations in contrast with government of any kind.

Convergence and Integration of Local Government and Civil Society

Some examples demonstrate that in practice and policy donors are integrating efforts with CSOs and local government.

- The USAID-supported Civil Society Support Project in Indonesia is guided by the USAID Mission policy to balance the enabling of local government with the strengthening of advocacy civil society organizations. The CARE Cities Forum program links the two.²⁵

significance is the Agency's support for democratic and independent trade unions...." Source: USAID Office of Democracy and Governance, "Agency Objectives: Civil Society" online.

²³ DFID, "Strengthening DFID's Support for Civil Society: Report of Responses to the Consultation Paper" (1999). UK Department for International Development (DFID) defines civil society as "the broad range of organizations in society which fall outside government and which are not primarily motivated by profit. They include: voluntary associations, women's groups, trade unions, community groups, chambers of commerce, farming and housing cooperatives, religious and tribal based groups, sports associations, academic and research groups, consumer groups, and so on."

²⁴ Examples are the D/G programming in Peru in the 1990s and recently (2000) in Nicaragua. But the general rule is exemplified by the CSSP program in Indonesia which included environmental NGOs. The environmental NGOs continued with their long established programs using CSSP funds, part of which were advocating environmental reforms in the new decentralization process. In the field one notes that NGOs have started using the term CSO to refer to themselves as the donors started invoking the term.

²⁵ Kris Merschrod, "Internal Evaluation - Indonesian Civil Society Support and Strengthening Program (CSSP)," Contract No. 497-C-00-99-00053-00 (Feb.2001). Kris served as consultant to the CSSP project.

- The PREDES program funded by the European Union in Peru in the mid-1990s combined NGOs as evaluators of social investment fund projects with the communities that were to carry them out.
- The combination of NGOs as technical specialists with locally elected district governments in Peru in the 1990s began as PVO initiatives funded by USAID that received substantial other-donor support. The strategy was then adopted by the national government, working with PVOs to implement the program at the national level as a strategy for planning the distribution of social investment funds in 319 poverty districts²⁶ where local NGOs and local government were the key, coordinating organizations.
- Part of the convergence can be seen at the constitutional level in Bolivia. The decentralization program carefully and formally structured local governance so that local, geographically based NGOs would form part of the fiscal oversight committees in each municipality. Their role, aside from oversight, is to participate in the identification and priority of local development projects such as schools, clinics, roads, and markets.²⁷

From Antagonism to Exchange of Leadership

It is important to point out that there has been an antagonistic history between NGOs and local and national governments.²⁸ In some countries this antagonism has evolved into a collaborative development effort as shown in the examples above, especially where governments have become democratic and participatory. (Decentralization as a theme has been a relative latecomer when compared with the participation theme.²⁹) Where local elections do not take

²⁶ Pact Peru, "Planificación Participativa y Concertación en Ámbitos Rurales de la Sierra Peruana" (Lima:Pact, 1998) and

Pact Peru, "Planificación Local Concertada con Poblaciones Rurales de la Sierra: Experiencia de un Proceso de Planificación Local Concertada para el Desarrollo en Distritos de Apurímac 1996-1997" (Lima: Pact, 1998). <http://www.pactperu.org/publicaciones.htm>

²⁷ Jaime Medrano, Case Study of Decentralization funded by the Japanese government through the IDB Decentralization and Participation study in 5 Latin American countries (unpublished: 2001). and

Harry Blair, "Civil Society Strategy Assessment for Bolivia & El Salvador."

²⁸ Kris Merschrod, "Decentralization, Participation and *Gobernación*."

²⁹ Although there have been some decentralization efforts by USAID prior to the 1980s, the participation movement goes back to the 1960s. Decentralization examples from 1969 with municipalities in Honduras or the "Corporaciones Municipales de Desarrollo" that Rondinelli was working on in Peru in the early 1980s consisted of the decentralization of government offices more than the type of decentralization described in the 1990s. The decentralized irrigation work gave greater focus to the participation theme on those huge water systems run by central governments, so it is a matter of debate if they can be called decentralization or delegation when compared with election of local government instead of appointed mayors, etc. Donald Muncy's

place, or where civil society is not developed, it will be difficult to identify and apply the convergence findings.

In brief, civil society organizations (CSOs) can provide the expertise while local governments can provide the political legitimacy, resulting in a coordinated and synergistic development effort. Facilitating and strengthening these linkages would be the essence of a local organization policy applying the social capital perspective. (The concept of social capital is treated in the next section.)

From this process one can find examples of local NGO leaders, once the democratic process takes place, becoming locally elected officials who cement the relationship between civil society and government. These relations are part of the linkages pointed out in the social capital literature which lead to increased problem-solving capacity and efficiencies for local organizations.³⁰

REFERENCES AND ABSTRACTS

USAID Advisory Committee on Voluntary Foreign Aid (ACVFA), “USAID and Civil Society: Toward a Policy Framework,” Exposure Draft, Washington: USAID ACVFA, March 5, 1999.

The following are some initial considerations that ACVFA believes should be considered in the development of a more explicit USAID policy towards indigenous civil society organizations.

The Relevance of Local Organizations to USAID Objectives

The justifications cited are:

Civil society is important to the achievement of USAID objectives.

- “In short, civil society organizations are increasingly critical contributors to the achievement of many of the objectives that USAID seeks to promote. As such, they seem deserving of USAID attention and support.”
- “Indeed, few fields in which USAID is active are not served by at least some civil society organizations.”

(AFR/SD) November 1999 introduction to the decentralization conference in Paris reviewed the history of decentralization from a USAID perspective and he points to the 1990s as the real beginning of the decentralization movement *per se*.

³⁰ Kris Merschrod, Personal observations during the provincial and district mayoral election of the 1990s when at least six provincial mayors came from the NGO ranks and District mayors also came to the USAID-funded PVO Support Project (1993-1999) for assistance as mayors or had been NGO leaders participating in the NGO training program.

- “While not all types of civil society organizations may be relevant to USAID’s mission, a considerable number clearly are.”
- “Different civil society organizations will be relevant to different kinds of development programs, so the range of civil society actors considered relevant must be related to the specific program objectives being sought.”

Regarding local NGOs, the paper concludes: “The civil society sector has clearly come of age in most of the countries where USAID is active. These organizations have important contributions to make to the achievement of USAID’s mission.”

Jude Howell and Jenny Pearce, “Civil Society: A Critical Interrogation: Changing Expectations? The Concept and Practice of Civil Society in International Development,” Draft Background Paper for INTRAC’s 10th Anniversary Conference 13-15 Dec. 2001. Oxford: Balliol College, 3 Dec. 2001

The paper examines evidence of the causal linkages of civil society growth, democratic governance and development. Structural Adjustment Programs (SAPs) of the 1980s failed to promote *internally driven* economic reforms leading to broad-based economic growth. This led International Non-Governmental Organizations (INGOs) to target civil society as a complement, and sometimes an alternative, to state-driven development, with foci on previously neglected areas such as human rights and anti-corruption initiatives. “...Active associations and civic engagement contribute to democratic polities and this facilitates economic progress and prosperity.” The paper explores two “main alternatives to the development of civil society:”

- The mainstream approach tends to link civil society to state and market structures aimed at solving problems.
- The alternative approach tends to see civil society as oppositional to the state.

Democracy and Civil Society: Europeans and Americans differ on what constitutes civil society. Europeans “recognize the historical and political role of trade unions, churches and other bodies in struggling for democratization and state reform in different parts of the world.”

The American focus is on “political outcomes” rather than “political processes.” The US views civil society as “system maintenance” or “the creation or strengthening of the democratic institutions which protect the rule of law and legitimate peaceful opposition, and the expression of dissent in acceptable ways.”

At stake in the debate over these two approaches to civil society support are the role of the state and how society and the state relate to each other. Does this mean that civil society is a way of organizing citizens outside the state structures in ways that help reshape definitions of the state?

Programs of support to civil society can be either complementary or antagonistic to programs of support to governments. Simply stated, the former is “bottom-up” while the latter is “top-down.” Each has a role in development assistance. The important rationale of support to civil society, and more specifically in terms of this review of policy issues surrounding support to local organizations, is that local organizations do merit direct support, even if such support takes place outside the context of a USAID or other-donor, government-to-government development program.

Civil Society, the State and the Market: These connections are far less studied than that of civil society to democracy. The debate centers on capitalism. Is it crucial to development or can alternatives to capitalism be posited that are more likely to achieve development? This line of inquiry has led to the emergence of concepts such as “socially responsible capitalism” and “alternatives to capitalism.” The former assumes a positive relationship between civil society and market economies. They cite examples of astounding economic growth in state-driven economies (e.g., China) plus the role of the state, not civil society, in promoting rapid development in the “little tigers” of Singapore, Korea, Taiwan and Hong Kong, while some other Asian economies with strong civil society organizations like Bangladesh remain very poor. “Thus, this challenges the assumptions that a market economy necessarily gives birth to and expands a civil society, that a flourishing civil society is an integral component of a capitalist economy and that civil society serves as a political counterweight to the state... While market economies can provide fertile soil for civil society organizations, this is not always the case.” (p. 7)

The notion of civil society as an autonomous, non-profit contributor to economic service provision and a check on state power is growing. Civil society also plays a role in dealing with social and economic inequities and questions of the public good.

Strengthening Civil Society: Challenges for Donors: USAID is likely the largest NGO/civil society donor (even if this target has not been reached). USAID focuses on democratizing CSOs as well as on institutional capacity, partnerships among CSOs, government and business organizations, and in general, helping make civil society flourish and take root. The paper examines three models:

1. Politics of Plurality and Choice: “A sphere of intermediary organizations,” non-profit and non-authoritative (to distinguish it from

capitalism and the state). Donors are selective but not always clear on the criteria for support.

2. Politics of Universality: CSOs have common characteristics that are amenable to change from the outside. One criticism is that USAID does not pay sufficient attention or provide direct support to traditional social organization such as clans, tribes, castes, village associations, peasant groups, local religious organizations, and ethnic associations.

Although this review includes collectivities based on ascribed status and family ties (e.g., clans, castes and tribes) in the discussion of CSOs, these types of collectivities are not usually considered CSOs. Nevertheless, these traditional organizations are considered cultural and there is an informal taboo when it comes to “tampering with culture,” but they are special cases of stakeholders that need to be considered in the development of democratic governance and also in development and social change. In many cases where these groups are within a dominant culture – for example, tribes in Latin American countries – one of the strengthening efforts is to support these tribes in the appropriation of aspects of the dominant culture rather than being appropriated by the dominant culture or to strengthen their ability to negotiate with the dominant culture.³¹ Thus the criticism may be true for observed areas, but not in all countries.

3. Politics of Autonomy and Dependence: Indigenous NGOs are typically weak and lack resources, so the role of donors becomes critical but sustainability issues often dominate. Dependence on outside financing can diminish or even destroy the capacity for local agenda setting. The heavy external imposition by donors can lead to weakening of the local organizations and their capacity to direct internal change in their own societies. This requires a “rethinking of strategy and purpose” for donors. “...This raises the paradox that civil society organizations, which are supposed to be marked by the feature of ‘independence,’ end up sacrificing this autonomy to various degrees through their reliance upon donor funding. Without careful and sensitive prior analysis of needs and the social and political context, donor intervention into local civil societies can end up distorting and weakening local processes of association and problem resolution.” (p. 15)

³¹ The paralegal program of the USAID-funded Subir Project in Ecuador during the 1990s is an example of strengthening tribal groups in the protection of their natural resources. Although not CSOs *per se*, the strengthening activity was similar to working with a CSO interested in natural resources. Maxus Petroleum worked with the Huaorani federation to help them negotiate land tenure issues with the government of Ecuador.

Conclusions:

- Donors need to think about how they can sharpen their goals for supporting CSOs in ways that reinforce local capacity.
- Donors need to decide what each can do best. Some have capacities that others lack.
- Donors need to pay particular attention to civil society links to the issues of inequality and poverty reduction.

Department for International Development (DFID). “Strengthening DFID’s Support for Civil Society: Report of Responses to the Consultation Paper,” London: DFID, 1999.

The U.K.’s Department for International Development (DFID) defines civil society as “the broad range of organizations in society which fall outside government and which are not primarily motivated by profit. They include: voluntary associations, women’s groups, trade unions, community groups, chambers of commerce, farming and housing cooperatives, religious and tribal-based groups, sports associations, academic and research groups, consumer groups, and so on.”

C. SOCIAL CAPITAL

SUMMARY OF SIGNIFICANCE FOR POLICY

New terms or concepts infrequently ignite the field of development theory³² and practice³³ with the vigor and intellectual commotion that has accompanied “social capital.” What is new is how the concept has been developed and honed by academics, some with crucial field experience with USAID and other-donor programs, bringing together the history of the concept and related perspectives so that it is readily grasped and useful for policy and applied programs of social change.

Local Organizations and Networks: Ends in Themselves

From a USAID perspective, the term “social capital” may be new but it has employed the components of the concept intuitively and consciously in programs such as institution building and organizational strengthening, and raising countries’ and organizations’ “absorptive capacity.” Many USAID programs have identified the aims of networking among local organizations and forging movements as intermediate goals. This term has galvanized thinking around the meaning, importance and networks of local organizations, as well as local organizations themselves, to the extent that it makes LOs and their development contributions worthy ends in themselves and more than just as means to specific USAID program ends.

Social Capital Defined: Organizations and Linkages

Coleman pointed in this same direction in his original paper:³⁴ “Social capital is defined by its function. *It is not a single entity but a variety of different entities*, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors – whether persons or corporate actors within the structure.”

In other words, *social capital is the structure or network of linkages among local organizations*. Of course, without local organizations, individuals cannot aggregate their interests, and importantly, without local organizations, the networks are limited to family and kinship structures that cannot be discounted, but which do not have the strength to tackle regional and national programs.

³² Young, “Review Essay.”

³³ Uphoff and Wijayarathna, “Demonstrated Benefits from Social Capital.”

³⁴ James S. Coleman, “Social Capital in the Creation of Human Capital,” *American Journal of Sociology* 94 Supplement (1988), S94-S120.

A new statement of USAID policy for local organizations would seek to increase linkages among LOs both horizontally and vertically in order to increase local problem-solving capacity.

Some Expected Outcomes from Linkages

By focusing USAID's updated policy for local organizations in development on the linkages and networking aspects, certain outcomes, aside from problem solving, can be expected:

- Greater efficiency of all organizations (from the social capital literature).
- Marginalization of groups can be reduced and thus attenuate radical tendencies (i.e., a resort to violence or terrorism to address issues).
- Conversely or more positively, minority groups (ethnic and gender) and organizations would be heard and thus enhancing pluralism.
- Greater differentiation (i.e., more and additional kinds of problem-solving skills) can be brought to bear on the problems identified in the political process as priorities to be solved.
- Greater discussion of alternatives (achieving increased pluralism).
- If outside expertise is brought in, the differentiation of the community will increase.

Thus the application of the concept of social capital is to focus on:

- Linking organizations within civil society with each other;
- Linking CSOs with local governments; and
- Linking local private, for-profit enterprises with NGOs and local government.

Enhanced Local Problem-Solving Capacity

From practice, literature, and theory, it can be expected that enhanced local problem-solving capacity by these LOs will lead to the identification of needs and their resolution in such areas as:

- Conflict
- Health
- Poverty
- Marketing

- Women's issues
- Elections
- Schools/education
- Environment
- Resource mobilization
- Donor interaction and collaboration

OVERVIEW OF BEST PRACTICES AND LESSONS LEARNED

Balancing Advocacy with Enabling

Social capital *per se* is not always positive. Networks can form and organizations mobilize for causes that may be negative or destructive.³⁵ Programs can be launched that will destabilize or aggravate tense situations before making them better. The careful analysis of stakeholders that is advocated later in this review will help to avoid these types of problems.

This literature review notes that one achievement of social capital is the collaboration of NGOs with local government to enhance local problem-solving capability. This collaboration is necessary to combine the technical expertise of NGOs and the for-profit sectors with the political legitimacy of local governments. However, these integrated approaches present a special challenge to USAID Operating Units for traditional Strategic Objectives and programs to integrate and coordinate their efforts in the same geographic areas. For example, in year 2000 USAID/Indonesia had a policy³⁶ of balancing the effort to support advocacy organizations for decentralization with the effort to enable local government reform. One program review³⁷ revealed that 60 percent of the grant funds were directed towards advocacy and only 40 percent towards enabling local government reform. In the field, the lack of balance was even greater.

Unless balanced programs are planned, it is possible, for example, to have strong advocacy pressuring or overwhelming local governments that are weak due to inexperience, with the result that elected or decentralized governance is discredited. In a worst-case scenario, local violence could erupt in protest.

Cost Benefit Analysis

One of the more prominent aspects of the social capital literature and USAID's results orientation is the cost-benefit analysis that in the past has been considered a "soft" area. Although the definition of social capital has been

³⁵ The events of September 11, 2001 are one such example.

³⁶ USAID, "Country Strategy Paper-Indonesia" (Washington: USAID 2000).

³⁷ Merschrod, "Internal Evaluation - Indonesia CSSP" (Feb. 2001).

subject to considerable debate,³⁸ it has been possible to measure and demonstrate the costs and benefits of USAID programs:

In one World Bank irrigation project in Sri Lanka it was found that when participatory management training had been excluded from the budget, even when the proposed component was calculated to return 50 percent per year in additional production, it was necessary to come back a few years later to do the participatory training because the system was not working. The WB [World Bank] project officer had rejected the training component because he felt that it was a luxury. In another irrigation project which had invested in participatory management (bottom-up, decentralized), when a severe drought hit it was found that the social capital “paid off” by being able to actually increase production while using just one-third the water normally available. In this system it was estimated that the annual return on the original cost of social capital was consistently 14 to 24 percent.”³⁹

An evaluation of NGO strengthening in Peru⁴⁰ showed that two years after training, NGOs had reduced administrative proportions of personnel by 24 percent, and that stronger linkages between the NGOs and the donor community increased funds managed by administrative personnel from 10 to 60 percent. In the final analysis, the total project investment of \$13 million over five years was directly related to the management of \$55 million per year of other-donor funds.

These examples demonstrate that organizational development or strengthening, more than facilitating sound planning, design, and management of donor funds, is an investment in social capital. Investment in social capital also produces economic as well as social returns in the form of peace and harmony (conditions many times assumed in results or logical frameworks) that in themselves are the conditions needed to attract investment (or other-donor funds as in the case of Peru) in post-conflict programs.

REFERENCES AND ABSTRACTS

E. Wall. “Getting the Goods on Social Capital,” *Rural Sociology*, 63:2, (1998) is a thorough review of the literature and its importance prior to the book *Bowling Alone*.

³⁸ Desgupta & Serageldin, *Social Capital* (2000).

³⁹ Uphoff and Wijayaratna, “Demonstrated Benefits from Social Capital” (Nov. 2000).

⁴⁰ Merschrod, “The Impact of Training on NGO Management Practices” (Sept. 1998) and Merschrod, “The Impact of Training on NGO Management Practices and Resulting Increase in NGO Efficiency” (Dec. 1997).

Michael Woolcock. "Social Capital and Economic Development: Toward a Theoretical Synthesis and Policy Framework," *Theory and Society* 27 (1998) is also comprehensive and relevant to a policy toward local organizations.

Robert D. Putnam. *Bowling Alone: The Collapse and Revival of American Community*, New York: Simon and Schuster, 2000. Although it is a detailed review of the US American community scene from the social capital perspective, the first chapter of this book reviews past uses of the term "social capital" and defines it in terms the practitioner can easily grasp and apply.

Norman Uphoff, and C. M. Wijayarathna. Demonstrated Benefits from Social Capital: The Productivity of Farmer Organizations in Gal Oya, Sri Lanka, *World Development* 28:11 (2000). This article has extensive applied references and is particularly important because it documents and explains a cost-benefit ratio of USAID investment in social capital to the gains in agricultural production. It comes from a continuing case study of the management of the Mahaweli irrigation district in Sri Lanka. This case, and the perception that applies to it, bridges the social-organizational focus of development with economic terminology. These two branches of social science are thus brought together in a very current and pressing aspect of USAID monitoring and evaluation for "results" by means of cost-benefit analysis that shows the economic return on the social capital investment (USAID Cornell project of the 1980s). It is a clear example of the importance of social organization and local organization to meet the challenge of development in comparison with the technical problem. (In this case the technical challenge— amount of available water predicted for a given irrigation system – is addressed by what is termed social capital, i.e., what is the social organization of society.)

Frank W. Young. "Review Essay: Putnam's Challenge to Community Sociology," *Rural Sociology* 66:3 (2001), pp. 468-474. This book review is important because it places *Bowling Alone* in a sociological perspective and summarizes the volumes surrounding the concept of social capital in development terms if one were reading it from a developmental and social change perspective.

Robert D. Putnam. *Making Democracy Work: Civic Traditions in Modern Italy*, Princeton: Princeton University Press, 1993. This book documents a significant historical development making the case that where local organizations existed in Italy, stronger democratic governance was found. This is an important reference and application of the concept of social capital in relation to the relevance of local organizations and local government playing a role in democracy/governance programs.

Paul R. Eberts, and Mindy E. Scott. "Community Social Capital and Economic Development along the Erie Canal," (forthcoming in *Rural Sociology*). This article reports on Eberts and Scott's research between the

project level, where Uphoff has worked, and the national level, where Putnam has worked. Ebert and Scott focus on municipalities across a region; this is analogous to the development-corridor strategy used in some USAID-funded regional development programs. This work is also relevant to the democracy/governance work because it shows the link between local municipal capacity (public social capital) and non-governmental capacity (private social capital) when seeking funds and executing development projects. Moreover, they show that where there is political pluralism there is a more dynamic pursuit of development. This is important to the present efforts in combining decentralized governance with local private organizations. "The question for this study is: 'Why are such relatively rapid changes occurring in some communities and not others?' Social-capital studies suggest that the answer might lie in the extent of social capital (social organization networks) in these communities (Putnam, 1993, Flora and Flora, 1993). The present study examines, and largely supports, the hypothesis that higher levels of social capital result in higher levels of economic development in terms of communities having a full complement of services." (p. 10)

Kris Merschrod. "The Organizational Well-being of Cooperatives: A Function of the Social Formation of the Membership via Participation in Community Organizations." Unpublished Ph.D. Thesis, Cornell University, 1981. This research was based on multiple service cooperatives in Honduras and clearly showed that when leaders and members, but especially members, had been active in other community organizations, the cooperatives functioned better and provided better services to the members. These linkages to other organizations are the essence of what is called social capital and the thesis showed how the linkages were established.

The literature provides theory and findings from development in the Third World as well as social change and developing areas of First World countries. It seems intuitively obvious that a mix of the same conclusions would apply in the so-called Second World that is made up of the countries in transition from the Soviet model toward more local participation and, at least, mixed economies.

D. DECENTRALIZATION AND GOOD GOVERNANCE

SUMMARY OF SIGNIFICANCE FOR POLICY

Decentralization is one of two key strategies supporting efforts to improve governance. The first is in improvements in policy making and administration by central governments in such areas as management capacity, enabling legislation, and fiscal and democratic reforms. The second is the other side of the coin: efforts to empower citizens at the local level by having more competent and responsive government facilities locally administered. Decentralization builds upon the prior decades' programs that invested in policy reforms, private enterprise development, NGO strengthening, cooperatives, chambers of commerce, regional farmer associations, communal banking, credit unions, marketing associations, etc. An important task for these local organizations is their integration around the task of local management of decentralized government responsibilities.

In this report the term decentralization is used in its generic or encompassing form which may under local conditions simply be the transfer of decision making,⁴¹ planning⁴² or management⁴³ to local governments or boards, yet retain the budgeting and taxing authority in the central government. In a bilateral meeting with the French Development Ministry in November 1999, USAID Africa Bureau quoted from a draft Agency document, "Handbook on Decentralization Programming," as follows: "Much of USAID's current interest focuses on decentralization's potential contributions to building democracy." In a speech Donald Muncy announced:

In fact, democratic decentralization is a compound concept. Decentralization, as USAID uses the term, means a process of transferring administrative, financial, and political authority to legitimate and accountable authorities at sub-national or local levels of government so that they can better and more responsively manage the community's affairs.

⁴¹ Sandra Vásquez de Barraza, and Aida Argüello de Morera, "Estudio de Caso Descentralización y Participación Ciudadana en Proyectos del BID: El Programa de Educación con Participación de la Comunidad (EDUCO)" Unpublished case study by IC-NET and Chemonics for the IDB and funded by the Japanese Government (2000). In El Salvador, for example, the hiring and firing of teachers was devolved to parent boards of rural schools, yet they were not given budgetary or taxing authority.

⁴² Decision making and local planning for the use of central government tax transfers is found in the Bolivian decentralization process along with the fiscal oversight of those funds.

⁴³ Sergio Cambroner, "Estudio de Caso de la Descentralización de la Policía Nacional: Hatillo, Costa Rica." Unpublished case study by IC-NET and Chemonics for the IDBank and funded by the Japanese Government (2000). The Costa Rican decentralization of the management of the police to neighborhood commissions during the 1990s and out of the direct control of the presidency is one such example (it was an experiment that failed however).

The concept of decentralization, for USAID, takes on three distinct forms, summed up in the terms deconcentration, delegation and devolution.

Deconcentration means transferring administrative authority from a higher to a lower level of government, e.g., from a regional agency to a local branch of that agency.

Delegation involves transferring managerial authority to an autonomous agency typically located outside the central government hierarchy, for instance, the Office du Niger in Mali.

Devolution means transferring authority and resources to LGUs [Local Government Units] that have “corporate status,” a degree of political autonomy that places them beyond the immediate control of central government, but leaves them subject to general constitutional and legislative rules, e.g., civil rights, contracts and the rule of law.

The term democratic here is AID shorthand for democratic local governance, which in itself is a complex concept. It incorporates the idea that local governments are autonomous, enjoy authority and resources, and function in a democratic manner. Or, as the Draft Handbook puts it:

...These [local] levels of government are accountable and transparent and they involve citizens and the institutions of civil society in the decision-making process. Democratic local governance extends beyond local government administration and service delivery to encompass institutions and structures that involve people in the decisions that affect them.

It requires mechanisms for fair political competition, transparency, and accountability as well as governmental processes that are open and responsible to the public and governed by the rule of law.⁴⁴

These types of decentralization are commonly known as devolution. The deconcentration form of decentralization may be exemplified by having the central government offices disbursed from the capital city to regional⁴⁵ or

⁴⁴ “USAID and Decentralization” remarks by Donald W. Muncy, Senior Governance Officer, Bureau for Africa, 18 Nov. 1999.

⁴⁵ Hugo de la Cruz, “Estudio de Caso sobre Políticas de Desarrollo Social – Perú” Unpublished case study of done by IC-NET and Chemonics for the IDB and funded by the Japanese

provincial locations to provide better access in those regions. It may also take the form of transferring the actual office and personnel from the capital under a ministry to the office of the governor or provincial government.⁴⁶ All of these forms of decentralization are part of the prior decades' legacy of efforts to reform the structure and function of government. Each country, sector by sector, goes about the decentralization process in a different manner; it is, after all, a political process which is conditioned by the relative strengths of the stakeholders as well as the involvement and philosophy of the donors.

Synergisms from Participation and Decentralization

The concepts of participation and decentralization are mutually supporting, meaning that decentralization without adequate participation by citizens is meaningless, while participation is thwarted if government services are not devolved so that local NGOs and citizens can effectively participate in establishing the agenda, priorities and responsibility for those services. Decentralization and participation have been mutually supporting strategies of social change and development for the last two decades. The literature on decentralization is extensive and much of it is directly related to USAID as well as other donor programs.

Donor-supported decentralization programs have become common, with the realization that central governments have not: 1) been able to respond to all local needs; 2) had adequate resources to address local needs fully; and 3) been able to mobilize local resources to the degree needed. The inadequacy of centrally-provided services has been found in both traditional developing societies as well as in developed industrial societies of both free market and planned economies, and many industrialized countries began reforms in the 1980s and 1990s.

Examples of Decentralizing Countries

Modernizing "old world" countries, such as Spain, Sweden, and Scotland, have successfully embraced decentralization reforms. Third World countries such as Bolivia, Colombia and Brazil have also been decentralizing government services for over a decade. More recently in Africa, decentralization programs, supported by several donors, have become prominent. For USAID, the 1984 Policy Paper on Local Organizations in Development provided the policy framework for these programs. The next chapter, "Other Donor Policies and Programs," provides extensive material on their decentralization policies, programs and lessons learned.

Current examples of major decentralization programs in countries undergoing political transition are Indonesia and Serbia and Montenegro. Examples of older

Government (1999). FONCODES, the Ministry of the Presidency social investment fund deconcentrated in this form during the late 1990s.

⁴⁶ Indonesia's new decentralization effort is an example.

USAID programs of support to decentralization include the Peru Economic Corridor and Secondary Cities program that is based on “central place” theory.⁴⁷ USAID conducted similar central place studies in Guatemala where, after the 1996 peace accords, it developed and implemented programs supporting decentralization in education, health and the judicial structure. USAID/Senegal embarked on a major effort supporting the government’s decentralization program beginning in 2000 (discussed below) and similar efforts have been ongoing in the Philippines, Egypt & Cote D’Ivoire.

Many of the municipal-strengthening programs have been a means to devolve services to the municipalities as well as to introduce sound fiscal management and taxation. The cited Indonesian effort in the late 1990s and the municipal reform effort as far back as 1969 in Honduras are two examples of this.

Participation and Decentralization – Antagonists that are Converging

The literature notes that the participatory and decentralization policies originate from different and antagonist traditions.⁴⁸ However, even though the two policies and strategies have converged, one of the lessons of decentralization programs and other activities in support of local organizations is that strengthening advocacy organizations should be carefully balanced with enabling local organizations to carry out the reforms. Without this balance, citizens may become frustrated and local organizations, especially incipient local government, risk losing legitimacy in the eyes of the population if they are unable to respond effectively during the process.⁴⁹

Governments implementing decentralization policies and programs are confronted with two major challenges. The first is to do perform the implementation properly, meaning having sufficient capacity and human resources to put effectively functioning local government offices in place, which is a major governance issue. The other challenge is to provide sufficient resources to the decentralized institutions to enable them to function according to their roles, mandates and responsibilities, thus the need to establish an adequate operational budget. Most decentralization programs have encountered difficulties because their typically cash-strapped economies cannot afford the costs entailed in putting effective programs in place.

⁴⁷ “Central place” theory began in Europe during the late 1800s and was further developed in the US during the early 1900s. It is the study of the geographic distribution of population, services and business. The distribution and hierarchy of market towns provides a guide to the placement of investment or development efforts. It is a very practical perspective, e.g., centralized high school districts were planned this way in the US. Improved market towns in India were also planned this way.

⁴⁸ Merschrod, “Decentralization, Participation and *Gobernación*” (Aug. 2000).

This theme came from a conference on decentralization held in memory of John Cohen at Cornell University in 1999 at which Norm Uphoff, Harry Blair and others presented papers on decentralization. Merschrod was working at the IDB on a review of decentralization at that time and saw the “antagonism.”

⁴⁹ Merschrod, “Internal Evaluation - Indonesian CSSP” pp. 2, 3, 19 & 23.

The significance of the contribution of decentralization programs to fundamental democratic reforms cannot be overstated. One of the major causes of inequity (including gender inequality), poverty and misery in the developing world is the concentration of national power among a narrow elite constituting (and often representing) only a very small percentage of the population. This concentration of power, added to the limited choice of economic alternatives in many developing countries with significant rates of poverty, results in widespread frustration over a sense of entrapment in a no-exit situation. Devolving government authorities to lower levels is one way to counteract the elitism and build a sense of empowerment at the local level. (Of course, finding sufficient economic alternatives to meet the people's needs, bringing them out of poverty and expanding the middle class, is another indispensable strategic necessity.)

Decentralization presents important opportunities to open up societies, giving stronger roles to communities and local organizations. At one time participation was synonymous with revolution and radical change in the eyes of the ruling elites because the government structures were exclusive (and highly centralized). Some parts of the world have become more democratic (Latin America, central Europe and some isolated examples in Africa), while other countries have become less participatory (as seen in many African countries and parts of Asia). Successfully managed, donor-supported decentralization programs are key to the provision of democratic opportunities and choices to greater numbers of people.

As pointed out above, under circumstances where participation and decentralization have not melded into a smooth process, the need to balance advocacy with enabling local government to respond to advocacy is crucial. In the extreme case, excessive advocacy combined with unresponsive local government can lead to violence at worst and, at best, discrediting the democracy and decentralization process itself. Too often, central governments will cite local decentralized agency failure as a reason to stop the process. Thus, the decentralization of authority from ministries and central government entities to local government must be accompanied by a balance of capacity building and enabling programs with those of advocacy and participation.

Participatory Planning: An Agenda to Facilitate Local NGO and Government Collaboration

Participatory planning, one of the tools for increasing participation and enabling local government, is a tradition dating back to the 1970s.⁵⁰ Participatory planning is part of most decentralization programs, e.g., the City Forum program

⁵⁰ Kris Merschrod, "Participación en la Evaluación de Programas al Nivel Regional en Honduras," *Solidarios* 18 (1981).

in Indonesia,⁵¹ the Decentralization and Local Governance Support Program in Senegal, both ongoing, and the 1990s participatory planning at the district level in Peru.⁵²

A 2001 USAID study⁵³ found in one Philippines and five African cases that local organizations and their engagement with local government were crucial to the decentralization effort.

Decentralization Implies Culture Change

It is worth noting that the same traditions, values, culture and social structure that supported centralized governance and the control of administration are found in the smallest and most decentralized collectivities of governance and business. Frequently it is pointed out that taking these cultural attributes into consideration as a starting point for decentralization (and most development and social change programs) is crucial.⁵⁴ The quest for participation and its incorporation into local organizations as decentralized entities signifies culture change that can take years if not generations to achieve. Nevertheless, the locus for these changes is the local organization and its engagement as part of the decentralization process. It is in this process that trust (cf., Lippman's Philippines case⁵⁵) can be built between traditional antagonists. That trust and the linkages among these organizations are important aspects of the social capital theme described above.

Caution: Decentralization May Take Decades

The caution that this change can take decades is not made lightly. In a 2001 follow-up study⁵⁶ for two cases in Africa to assess the hypotheses of the USAID-funded 1970s Cornell Participation Project, Charlick reported that:

First, although many of the hypotheses and initial findings of the Cornell Participation Project regarding the role of local organizations may still be valid, they remain largely untested in much of Africa because local government reform has been so limited and so recent. Second, in the limited number of cases where reform of local government has occurred in Africa, popular participation directed toward these governments can make them more responsive. This is only true, however, under particular

⁵¹ Kris Merschrod, interviews with Mr. Warmon (CARE) and Glenn Gibney (Chemonics CSSP), Jakarta, Jan. 2001.

⁵² Pact Peru, "Planificación Local Concertada."

⁵³ Hal Lippman, "Linking Democracy and Development: An Idea for the Times" USAID Program and Operations Report No. 29, (Washington: USAID/CDIE, Jun. 2001).

⁵⁴ cf. John Grayzel, "Speculation on the Art of Development" *Perspectives and Reviews* http://www.casid.org/casid_aperspective.html

⁵⁵ Lippman, "Linking Democracy and Development" 22.

⁵⁶ Charlick, "Popular Participation" 149-157.

circumstances, notably where projects with strong local and international non-governmental organizational support chose to link to local government as well as to exert influence over policy at other levels of the political system.

Aside from this sobering finding,⁵⁷ this is yet another example of the importance of vertical and horizontal linkages so important to the social capital perspective described throughout this literature review on local organizations and their role in development and social change.

The 1996 United Nations Global Forum⁵⁸ found that:

Decentralizing key authorities and functions of government from the center to regions, districts, municipalities and local communities is an effective mechanism for enabling people to participate in governance. It is therefore a major determinant of whether a nation is able to create and sustain equitable opportunities for all of its people.

Thus, decentralization as a process is also one of the necessary conditions for participation to have a meaningful environment in which to function.

The UNDP observes that decentralization is:

...A phenomenon involving multiple areas, actors and sectors: Decentralization is a complex phenomenon involving many geographic entities, societal actors and social sectors. The geographic entities include the international, national, sub-national, and local. *The societal actors include government, the private sector and civil society.* The social sectors include all development themes – political, social, cultural and environmental. In designing decentralization policies and programs it is essential to use a systems-approach encompassing these overlapping social sectors and the different requirements which each makes.⁵⁹

⁵⁷ It should be pointed out that in the Latin American context, where participation, self-managed enterprises, reforms, expropriations, revolution, Liberation Theology, and so forth have been overlaying forces since the late 1940s, the advances in popular participation and government reform present a relatively more optimistic history.

⁵⁸ United Nations Global Forum on Innovative Policies and Practices in Local Governance, "Report of the Forum" (Gothenburg, Sweden, 23-27 Sept. 1996), 11.

⁵⁹ UNDP Management Development and Governance Division, "Factors to Consider in Designing Decentralised Governance Policies and Programmes to Achieve Sustainable People-Centred Development" (New York: UNDP, Feb. 1998).

Decentralization Requires Vertical and Horizontal Linkages

Once again, the linkages theme and the participation of all stakeholders come to the fore as an operational procedure for the policy implementation. As the UNDP guidance states,

Decentralization involves new communication and information flows between each geographical area, societal actor and social sector. The district level⁶⁰ is often a useful platform for the coming together of national and local actors for dialogue, decision-making, budgeting and reporting... It involves the roles and relationships of all of the societal actors, whether governmental, private sector or civil society.⁶¹

From the limited donor information available, this is a repeated theme among the donors, and is amply reflected in their programs.

UNDP'S Decentralized Governance Programme (DGP) finds: "...Certain policies and practices of many governments continue to impede the opportunities available to their citizens to mobilize the necessary resources (human, financial, physical) for achieving sustainable human development. UNDP sees good governance, or people-centered governance, as an integral element of human development that needs to be developed as much as any other element of sustainable human development."⁶²

At a bilateral discussion on decentralization in Paris in November 1999, French and American participants came to agreement fairly rapidly that the French have indeed worked at the national level within formal government structures and the Americans have focused heavily on civil society in recent years. On the other hand, both have also worked at the other end of the state-civil society spectrum, and also at intermediate points, e.g., by promoting institutions for regional and local governance. As the then-head of the USAID Africa Bureau said, "We're aware now that there's not that huge a difference in the way we approach things. 'French are top-down and Americans bottom-up' is inaccurate." Prospects for collaboration appear both realistic and promising. The workshop consensus stressed the importance of sharing approaches to problems and capitalizing on

⁶⁰ The national restructuring laws for decentralization at the district level are found in Bolivia, Indonesia the Philippines, Brazil and Senegal. Decentralization programs in education, police management, and the management of social investment funds have been implemented on all the developing continents.

⁶¹ UNDP Management Development and Governance Division, "Factors" 2.

⁶² UNDP Management Development and Governance Division, Bureau for Development Policy Decentralized Governance Programme, "Strengthening Capacity for People-Centred Development" (New York: UNDP, Sept.1997) 10.

complementarities between the two assistance programs. Such complementarities clearly exist, but vary country by country, so that programs will have to be tailored to specific settings.

REFERENCES AND ABSTRACTS

Senegal Decentralization and Local Governance (DLG) Support Program

The Senegalese Government began implementing a policy of decentralization reform in 1996. Since that time a plethora of local organizations have formed,⁶³ but they tend to be weak, unfocused in purpose and understanding of role, and they lack the resources and knowledge to carry out their new responsibilities.

The DLG Project is a five-year activity that began in 2000. Its purpose is to help Senegal implement its decentralization policy and strategy by providing support to the local *collectivities* (both elected councils and citizens groups) as well as other actors (i.e., Senegalese administration, decentralized technical services, and media). DLG aims at four results:

- 1) Increased popular participation in local development activities;
- 2) Capacity building of local organizations (and as a secondary result, the creation of leadership qualities in local officials);
- 3) Increased local revenue mobilization; and
- 4) Identification of practical decentralization programs for replication elsewhere.

The DLG team works on the ground with local councils and community-based organizations providing hands-on training and workshops to develop their capacity to promote local interests through enhanced member participation in their development activities.

The program is implemented through a USAID contract with Associates in Rural Development (ARD). The contract chief of party⁶⁴ and a number of his Senegalese staff, including a local organizations development specialist, visit target areas and hold meetings with the local groups, helping them to identify and define their priorities. Members lack experience in setting priorities and the process of learning, debating and exchanging different points of view, all takes time and effort. The process includes identifying representative members and encouraging diversity of membership. (Members seek to expand their representation noting that only dealing with village elders, who are always men, limits their ability to enhance their diversity.)

⁶³ Glenn Slocum, interview with the Associates in Rural Development (ARD)/Senegal team, Dakar, 2002.

⁶⁴ The chief of party believes that the proliferation of local organizations in Senegal is a phenomenon that is linked to the multiplicity of programs and projects Senegal has “enjoyed” over a long period, as well as various national policies (a way of capturing agricultural credit, e.g.), and is *not* attributable to the more recent decentralization process.

A number of problems have arisen. For example, the *collectivities* often identify health issues as among their top priorities, but their locally elected councils lack the technical knowledge to address health issues (though of course, the local administration health staff does), nor do they have a clear understanding of their roles. The confusion surrounding their roles is a more serious problem than the lack of *technical* expertise in the area of health. Senegal's 1996 decentralization reform made local councils responsible for oversight and management of health facilities including maintenance and construction. However, health personnel and the pre-existing local healthcare facility committees have generally resisted efforts by the councils to exercise their new role. This creates conflict between the locally-chosen representatives and the administrative authorities. In addition, the locally-elected council members often do not report back to their constituencies as originally intended due to the absence of a group or person with oversight responsibility for the councils. Another constraint is that the elected members have never worked with budgets, much less prepared one, nor have they had experience in managing finances. DLG has devoted substantial effort to council capacity building – with the support of citizens groups – to improve local resource mobilization. Another major obstacle is that the *collectivities* and the councils have not yet learned how to work together.

These are all areas in which the DLG team is finding fertile ground in which to work. The DLG program has conducted extensive training on the general question of roles and responsibilities of exercising the newly devolved powers and authorities.

Lessons Learned

After the first year, the project reported:⁶⁵

- The process is producing local leaders of some quality.
- The members are learning valuable participatory tools, which helps achieve consensus on development planning and programming.
- The local councils are dependent on outside financial help, so sustainability remains an issue.

REFERENCES AND URLs

“Decentralization News” from GTZ/Indonesia

“Senegal Decentralization and Local Governance Support Program: Annual Report 2001,” November 2001.

www.undp.org/decentralization

⁶⁵ ARD/Senegal and USAID/Senegal, “Senegal Decentralization and Local Governance Support Program: Annual Report 2001” (Nov. 2001).

E. CONFLICT PREVENTION

SUMMARY OF SIGNIFICANCE FOR POLICY

USAID has conducted considerable research in the area of conflict and is engaged in the various manifestations of conflict management—prevention, mitigation and resolution (CPMR) in many countries. As a result, abundant sources are available beyond the scope of this study. Demonstrating heightened Agency concern with conflict issues, USAID has established an Office of Conflict in the new Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA).

USAID and other donor research reveals that conflict has a variety of causes. It can be a tool to express grievance or serve as a frustrated means of claiming a stake in a repressive political system. It can represent a violent competition for scarce resources; it may arise from rivalry among ethnic groups or members of different religions. People may resort to conflict when the state is incapable of responding to citizens' needs for security and services. For purposes of this study, the focus is on locally-based conflicts. It is important to address the present and potential roles of local organizations in conflict and post-conflict assistance, and in dealing with failed and failing states. The events of late-2001 increase the need for USAID to contribute to the USG policy effort to deal with the causes of conflict that give rise to terrorism.

USAID programs should be capable of contributing to solving problems at the grassroots level before they radicalize societies, or marginalized groups within societies to the point of resorting to violence and resulting conflict. The Agency's overall efforts to create participatory systems of governance, if carefully designed and strategically poised, can contribute to national and local stability. Out of repressive and non-participatory systems frustrated citizens can turn to radical solutions. Such frustrated and dissatisfied groups form out of desperation because they feel marginalized from any decision-making power and have little hope that the system is capable to responding to their needs.

In structural sociological terms such "fringe" or marginalized groups have low pluralism and linkages and yet they build up greater levels of differentiation. (That is, they develop political and military skills so that they can take on the "system" which they feel dominates and marginalizes them). This high differentiation in relation to low linkage leads to extreme solidarity⁶⁶ of those groups, with a result that they form movements to overthrow the existing system by recourse to violence that can be called revolutionary or treasonous, depending on the observer's position. These are the structural conditions that

⁶⁶ Frank W. Young, "Reactive Subsystems," *American Sociological Review* 35 (Apr. 1970) 297-307.

lead to radical positions and action against the existing system of power and authority.

Moreover, relative peace may be superficial while unaddressed grievances can lie dormant for decades, as in the example of “youth revolutions” which surfaced approximately every 20 years in Sri Lanka (prior to the present civil war). In the Latin American context Hirschman⁶⁷ pointed out that when movements or social forces are repressed they can re-emerge. This same theme is repeated in La Faber’s book, *Inevitable Revolutions*⁶⁸ in which he also criticizes USAID support to non-reforming regimes that are the antithesis of pluralism.

Working with local organizations to promote empowerment, advocacy, decision-making and participation in citizens’ own development presents opportunities to prevent the recourse to violent solutions by groups alienated from the mainstream of society. Carried out successfully, such programs obviate the alternate, and far less preferable, program approach – the need to combat the destructive effects of conflict and violence. A timely strategy can increase such groups’ linkages relative to their differentiation; the solidarity drops, with the possibility of avoiding conflict and violence. Furthermore, by increasing the exchange of ideas and debate of the issues by linking people in the resolution and solution of problems, pluralism, by definition, is increased.

USAID can play an important role in reducing or mitigating the incidence of conflict and terrorism. There are myriad examples of significant support by the US and other donors, both past and present, to “non-participatory” governments (e.g., dictatorships, corrupt regimes, oligarchies of competing elites). During the Cold War, such support was provided in return for these governments’ pledge of support against communism. In the 1980s, even before the end of the Cold War, USAID started promoting serious reforms and democratization, notably in Central America. These programs expanded to other regions, and even the former Soviet Union and Eastern Europe, during the 1990s. Unfortunately, the evidence does not show that, up to now, these programs have changed the underlying *material* conditions that make recourse to violence and terrorism attractive in the first place. But there is reason to believe that the opening up of traditionally repressive societies to negotiated settlements (political linkages), and the inclusion of marginal or previously proscribed political groups into the political process has brought stability and renewed economic vigor as well as greater pluralism.⁶⁹

⁶⁷ Albert O. Hirschman, *Getting Ahead Collectively: Grassroots Experience in Latin America* (New York: Pergamon Press, 1984).

⁶⁸ Walter LaFaber, *Inevitable Revolutions* (New York: W.W. Norton, 1984).

⁶⁹ El Salvador is the most successful example with Guatemala to a lesser extent. Nicaragua is more complex, having gone from civil war to a democratic process, but not really developing a national agenda or vision.

Donors also need to be aware of potential downside effects exacerbating the possibility of conflict when working with local organizations. The literature reflects the dangers of donor programs' exacerbating tensions, increasing factionalism, and competing for scarce resources. USAID now requires all five-year strategic plans to include a "vulnerability analysis" showing possible negative impacts of the proposed strategy. As explained earlier, it is important for donors to balance their programs of support to LOs between advocacy and enabling. If advocacy is strengthened before governments are able to respond to citizens' demands, frustration and violence can ensue, destabilizing democracy.

REFERENCES AND ABSTRACTS

Nigeria

Conflict is widespread in Nigerian society, emanating from either local ethnic differences that have been in place for decades or more widespread clashes based on religious affiliation as well as ethnicity.

USAID has initiated activities at the grassroots level to address conflicts among various groups, which can also occur between neighborhoods and regions. A USAID/OTI program⁷⁰ that has been passed on to the Mission D/G team has supported local organizations, mainly regional NGOs working with communities and neighborhoods vulnerable to conflict, working with local conflict-prone groups to help them understand why they resort to conflict, and to teach methods for the groups on alternatives to violence. These efforts have successfully helped resolve old or simmering conflicts, changed the attitudes of affected communities toward conflict, prevented violent conflict, and generated interest in addressing conflict more systematically nationwide.

USAID/Nigeria has provided small grants to local organizations to run workshops targeting groups with high potential for conflict and train trainers to work with citizens groups with a high potential for conflict. Two hundred Nigerian trainers have been trained and are now part of a national network of conflict facilitators.

One of USAID/Nigeria's most important contributions has been in helping local organizations build their capacity for addressing conflict situations in their respective regions. The challenge has been for USAID to make the effort longer-term and sustainable. Ultimate success of the program depends on both a longer-term Mission program commitment as well as institutionalization within Nigeria through networking.

A recent PPC/CDIE report,⁷¹ identified a number of lessons from reviewing conflict management activities:

⁷⁰ Assistance to local and regional NGOs working with communities in or prone to conflict.

⁷¹ USAID PPC/CDIE, "The Role Of Transition Assistance: The Case of Nigeria" draft, (Washington: USAID PPC/CDIE, Jan. 2002).

- While Nigeria's multiple conflicts require the constant attention of national leadership, all of Nigeria's conflicts appear to be generated locally. Thus, a serious effort at grassroots conflict management is essential, but should be linked to a wider national effort.
- "Conflict management is an important U.S. strategic intervention in Nigeria. Addressing conflict is important for two principal reasons. First, conflict issues permeate Nigerian society and their management and resolution are clearly related to U.S. foreign policy objectives for Nigeria. Second, unchecked conflict remains the greatest enemy to democracy in Nigeria and the obligatory checks and balances within democracy itself engender conflict."⁷²

Though conflict is virtually pandemic in Nigeria, the large majority of them are restricted to communities and cities. It is true that some of the major religious riots sometimes spread from one location to others, but most are locally based. Therefore, working with local organizations is critical to USAID's strategic objective for democratic institutions to take root. If the tendency to resort to violence to solve problems cannot be stemmed, the rest of the USAID D/G strategy is at serious risk of failure.

Indonesia⁷³

Like Nigeria, Indonesia has a number of "hot spots" with actual or potential areas of conflict, mainly stemming from the large diversity of the population spread out over numerous islands that constitute the nation. Sectarian, ethnic and political tensions have continued to emerge throughout Indonesia as the country struggles with implementing its democratic reform in the face of a challenging economic context.

In some of the most volatile areas – Aceh, Maluku, Sulawesi, East Nusa Tenggara (including West Timor), West Nusa Tenggara, West Papua and Sumatra – USAID/Indonesia is working with local organizations to improve their ability to gain access to accurate, objective information, thereby reducing inflammatory rumors and tensions. These efforts have overlapped extensively with the Mission's other efforts in media strengthening and civil society support. Activities have included support to NGOs for media assessments, information campaigns, polling surveys, interactive radio dialogues, and journalist training.

Below are illustrative examples of contributions identified:⁷⁴

⁷² Ibid.

⁷³ Much of the material here on Indonesia derives from a PPC/CDIE study on the work of the Office of Transition Initiatives (OTI) in Indonesia, "The Role of Transition Assistance: The Case of Indonesia" (Nov. 2000).

⁷⁴ Ibid.

- *Addressing conflict through interfaith workshops and anti-violence campaigns in North Sumatra.* USAID/OTI's support to the Muslim Institute and Conference of Churches enabled these groups to conduct a large, aggressive, anti-violence campaign and promote interfaith dialogue prior to the elections. The election period passed with almost no violence. These groups continue to hold regular exchanges to promote interfaith activities and initiatives.⁷⁵
- *Initiating a quick response to East Timor's post-referendum conflict.* In the post-conflict period, USAID/OTI assessed the situation quickly and provided the first support to NGOs and community-led reconstruction and employment activities. This helped stem further deterioration during a highly unstable post-conflict period and enabled local groups to become engaged in decisions about the territory's future political organization and functions.
- *Supporting the Humanitarian Pause in Aceh.* In May 2000 the Government of Indonesia and the Free Aceh Movement reached a joint understanding on a Humanitarian Pause for the June – October 2000 period. In March 2000 OTI had provided technical support to the U.S. Task Force to identify opportunities for restoring security and economic development. In May 2000 OTI set up a small field office. With OTI funding a local NGO conducted a mass media campaign to publicize the details of the agreement before it became effective. Other immediate support included office infrastructure, transportation and communications training. Future plans included the initiation of a local infrastructure rehabilitation program. Anecdotal information suggests that the media effort helped calm political tensions. OTI's quick action enabled the action committees to initiate their critical post-Pause work.

Guatemalan Communities in Transition Program⁷⁶

After the signing of the Peace Accords in 1996, international organizations began to work on conflict resolution in Guatemala. USAID had the "Communities in Transition" program in the northern zone of Guatemala where combat had been

⁷⁵ These exchanges are significant because they imply that traditionally opposing groups are accepting the existence and legitimacy of each other. Thus, as a whole, their areas are becoming more pluralistic. Additionally, they are establishing linkages between groups, a first step in arriving at consensus for solving mutual problems. At this stage of development the very decline in antagonism releases energy and human resources for tackling development problems, making them more efficient as groups.

⁷⁶ ARD, Inc., "Evaluación del Programa de Comunidades en Transición de USAID/G-CAP en Ixcán (Quiché) and Barillas (Huehuetenango) BASIS LAG-I-00-98-00031-00" (Feb. 1999). Kris Merschrod served as team leader for this evaluation.

extensive and populations dislocated and divided in the 30-year conflict. Some local indigenous populations went to Mexico and then returned; others remained in Guatemala and fought on the government side. The conflict resolution task was to harmonize relations between and within these communities. Aside from the conflict resolution training provided by the two PVOs (Canadian Centre for International Studies and Cooperation (CECI) of Canada and Cooperative Housing Foundation (CHF) of the US) both organizations led mutually beneficial problem-solving activities for the neighboring communities. For example, a bridge was a mutual need between communities that had fought, and by working through the planning and construction phases together, the grudges were resolved. In one area, common marketing problems were resolved by the communities joining together to process their request to obtain organic certification of their product. Entities engaged in forest management for sustainable use activities also joined previous “enemies,” as did schools and community centers, to achieve common goals. It was pointed out, however, that the civil war had been based on ideological differences external to the local population and not ethnic or religious differences, and that this model may not be transferable to conflicts of another nature.

The significance and relevance of this case and the others presented is that it shows the importance of participation with a problem-solving focus based on local and mutual needs and the establishment of linkages between groups.

Sri Lanka: Conflict Reduced Through Mutual Collaboration

One particular area of Sri Lanka (Gal Oya) presented a special problem for the development of improved irrigation systems because part of the system had traditional enemies upstream and downstream from each other (Tamil and Sinhalese). Uphoff⁷⁷ points out, “The outside investment worked through the roles of institutional organizers. These social catalysts helped farmers actualize norms of equity, productivity and participation, creating impetus and space for new roles to take root at the grassroots and for ‘old’ values to be reaffirmed. These roles and values reached upward from the field channel level and structured and motivated activity all the way up to the project level. Of some incalculable significance, the beneficent structures and ways of thinking supported cooperation between ethnic groups and muted the conflict between Sinhalese and Tamils that convulsed other parts of the country.”

Thus, we see both as prevention and resolution of conflicts that the strategy of building bridges between groups through their local organizations has been important for resolving disputes as well as moving on to focusing their problem-solving capacity on development themes such as managing natural resources and local infrastructure.

⁷⁷ Uphoff and Wijayaratna, “Demonstrated Benefits from Social Capital” (Nov. 2000).

South Africa: Truth Commissions⁷⁸

In the early post-apartheid period of reconciliation, a National Peace Committee mandated and legitimized the establishment of local or regional peace committees. These lower-level committees were allowed to function in relative autonomy, but they were regarded as part of a national system, which helped to ensure the legitimacy of the process and of the people acting within the process. This process of legitimization was important because it provided validity to the roles of the peacemakers with South African society at the local level. The different peace committees carried out different activities as they saw fit but all were part of a national, overall peace-building structure.

This structure provided credibility to the role of local organizations as actors in the peace process as the committees became less dominated by politicians and moved to the involvement of various stakeholders, including civil society actors. The composition of the peace committees reveals this shift.

The composition of the peace committees became increasingly diverse so as to bring together a variety of different voices. The goal was to bring together the various stakeholders to represent and support the peace process. This included police, military, local NGOs, religious groups, political parties (with the exception of those viewed as extreme), trade unions, and the business community. There was some variation depending on the local actors but all of the peace committees attempted to maintain a cross section of the local stakeholders.

The composition of the local peace committees blended both national and community-level actors. Local NGOs sat across from national-level politicians, who, in turn, sat next to local police. It also did not separate government and non-governmental actors; instead treating all involved as equal stakeholders. This was part of the intentional design to create a venue where both national and community representatives would interact and exchange ideas.

The peace committees were viewed as successful in that they defused violence that was threatening to destroy the burgeoning democracy. Because the committees extended to the local level, they were able to have their “finger to the pulse” and react quickly and appropriately when tensions rose. Most South Africans feel that the peace committees contained the violence by providing a safety net. South African stakeholders have reported that the elections would not have been so successfully concluded had it not been for the work of the peace committees. Thus we see, once again, that processes that facilitate horizontal and vertical linkages between diverse groups create a pluralistic environment and directly help to enable a participatory electoral process.

⁷⁸ Julie Nenon, “Local Organizations and Peacebuilding: Experiences from South Africa,” memo to PPC/PDC literature review consultants, Glenn Slocum, team leader, and Kris Merschrod, (28 Jan. 2002).

The South African “Truth Commissions” as a model for the post-conflict resolution of tension have received a great deal of attention. Attempts to imitate it are worldwide. The Civil Society Support Project (CSSP) in Indonesia, during the transition period of President Habibie leading to elections, arranged an exchange program that included CSOs, civilian leaders and military leaders to go to South Africa to understand the truth commission process. During the early 1990s, Peru deployed similar efforts to apply the truth commission concept. Guatemala and El Salvador tried similar efforts with little success.

REFERENCES AND URLs

“The Role of Foreign Assistance in Conflict Prevention,” 8 Jan. 2001. Conference jointly sponsored by USAID and The Woodrow Wilson International Center for Scholars.

Ibid. Annex D: “Preventing Contemporary Intergroup Violence,” by David A. Hamburg, 1993.

Ibid. Annex G: “International Constraints and Indigenous Strengths in Preventive Development,” by Jonathan Moore, Jan. 2001.

www.usaid.gov/pubs/confprev/

www.worldbank.org/conflict

F. PARTNERSHIPS

SUMMARY OF SIGNIFICANCE FOR POLICY

Concepts of “partnering” and “partnership” are not terms used in the 1984 policy paper. Nevertheless, since the 1980s it has become an increasingly important policy concept. The term has been used and fostered in many ways:

- 1) As a policy or political concept introduced with the USAID re-engineering phase of the mid-to-late 1990s to remake the relationship between USAID and implementing agents (e.g., contractors) of almost all types.
- 2) To describe a mechanism whereby US PVOs are linked to local organizations to build or strengthen them, transfer technology or build mutually beneficial long-term relationships. These relationships are established with a variety of entities such as universities (e.g., the Collaborative Research Support Projects or CRSPs) or with PVOs and NGOs that includes: the Operational Program Grants or OPGs to build consortia⁷⁹; The Nature Conservancy Conservation Data Centers’ efforts with conservation NGOs; and Transparency International’s coalitions of advocacy NGOs. The relationships are also established in various areas such as public or governmental health (e.g., Partners of the Americas).
- 3) As multi-sectoral partnerships contained in the “New Partnerships Initiative” (NPI) launched by then-Vice President Gore in 1995⁸⁰ that foments and supports partnerships between local government, local business and local CSOs.
- 4) In 1997 USAID/PVC funded a project⁸¹ to foster partnerships between the private for-profit and private non-profit sectors. This work was done with the Prince of Wales International Business Leaders Forum (PWIBLF) as a strategic alliance between Private Agencies Collaborating Together (Pact) and the PWIBLF. Earlier work along this line was done by the Inter-American Foundation with business forums and foundations in Latin America, specifically in Venezuela, Colombia, Ecuador and Peru.

⁷⁹ Daniel Santo Pietro, A. Sist, and Kris Merschrod, “Trends in PVO Partnership,” (New York: Pact, 1989).

⁸⁰ <http://www.usaid.gov/pubs/npfi/index.html>

⁸¹ http://www.pactworld.org/Pact_initiative/pact_cce1b.html

- 5) In 2001 USAID Administrator Andrew Natsios announced the Global Development Alliance (GDA)⁸² as the Agency's newest "business model."⁸³ This model adds to the previous forms of partnering by expanding the number of USAID partners to include, in particular, private sources of financing development activities, and to join local organizations and USAID in addressing development issues.

These partnering themes are summarized as follows:

USAID, along with other international donor organizations, government agencies, PVOs/NGOs, and private companies realizes that reducing the prevalence of poverty, hunger, disease, and economic and environmental decline throughout the world necessitates a new kind of collaboration – one that enables the public and private sectors to transcend the traditional boundaries that have hindered cooperation in the past and to work together towards common goals.⁸⁴

Agency efforts to promote partnerships can trace their roots back twenty years, and the way the concept has been applied has steadily expanded to include more and more diverse members.⁸⁵

As these types of partnerships developed, USAID undertook studies and produced manuals which explain the strategies for facilitating and managing partnerships as well as the expected results and the management commitments and responsibilities involved for partners and Operating Unit personnel. The main points of these studies and manuals are cited in the "Operational" section below.

Horizontal and Vertical Linkages Among Partnerships

Partnering and the fomenting of partnerships should take place horizontally among grassroots development organizations, commercial enterprises and town mayors from the most basic local level unit of social organization up to the most expansive national level among the donors. At the same time, vertical partnerships among commercial enterprises, PVOs, NGOs or local governments as well as between bilateral and multilateral donors and foundations make practical managerial as well as theoretical sense. These partnerships are the linkages component of social capital described in previous sections of this literature review. Linkages lead to synergies and hence greater ability to solve

⁸² To learn more about USAID's Global Development Alliance, visit <http://www.usaid.gov/gda>.

⁸³ Anne M. Spevacek, "USAID's Experience with Multi-sectoral Partnerships and Strategic Alliances: An Analysis of Best Practices and Lessons Learned" (Washington: USAID/PPC/CDIE/DIS, 1 Oct. 2001) 2.

⁸⁴ USAID Global Development Alliance, "Predecessor Activity Inventory 1990-present" online, 1.

⁸⁵ Ibid.

problems identified by the members of the partnerships, especially if they are carried out in a participatory manner as encouraged in the 1984 policy paper.

The partnership concept, as it evolves, can be seen as a way that local organizations are the end in themselves for sustainable solutions and not merely the means for carrying out activities.

Recommendations Specific to Types of Partnerships

In the first paragraphs of this chapter we listed five types or evolutions of the term “partnership.” The following points are additional considerations.

The local organization policy should be to forge PVO/NGO and multi-sectoral partnerships as a means to:

- Add to the reservoir of the Operating Unit’s technical capacity in the host country;
- Engage groups of local organizations as consortia in policy dialogue for both the Operating Unit and the local government;
- Develop strategies toward self-sufficiency of local organizations through resource mobilization both locally and with other sources of funding;
- Build local capacity to permit expansion of the NGO sector;
- Foster privatization or decentralization of services; and
- Advocate for reforms and monitor governance practices.

The policy to partner, especially the need “to transcend the traditional boundaries that have hindered cooperation in the past,” presents a challenge to the organization of the Agency and the operation of USAID Operating Units in the management of partnerships. In Operating Units, Strategic Objective (SO) teams may focus on local governance on one hand and “development” NGOs or private sector development on the other.

Typically, NGO support programs are part of the D/G SO, but they can also be found in technical SOs such as health, micro-enterprise, food for peace, and even economic support fund special objectives and agriculture.

Cross-Cutting Synergies

The phenomenon known as “stove-piping,” in which SO teams work insularly instead of cooperatively with other teams to achieve “cross-cutting” results, can be a negative factor for Operating Units to overcome. Some operating Units work to achieve “synergies” by defining some common reporting objectives or intermediate results among SO teams. This is difficult to implement because of the way the Agency and its operating Units are organized along sector lines (even if they are no longer called technical offices, as was the case before the results-oriented, strategic objective approach). Achieving some degree of synergy among SO teams requires a great deal of effort and time – often at the expense of other priorities.

REFERENCES AND ABSTRACTS

USAID PPC/CDIE, “Designing and Managing Partnerships between U.S. and Host Country Entities,” PN-ACG-627, Washington: USAID PPC/CDIE, May 2001.

Two very specific models are used to describe the second type of partnership (PVO-NGO) (p.11):

- 1) “The Agency provides funds (a grant, cooperative agreement, or, sometimes, a contract) directly to one member of the partnership – usually, but not always, the U.S. entity.”⁸⁶
- 2) “The Agency provides funds to an intermediary organization that manages multiple partnerships between U.S. and host country entities.” A footnote to this paragraph says, “The intermediary is responsible for matching partners, facilitating the partnering process, and overseeing the partnership activities.”⁸⁷

This document points out, as in other manuals and analyses reviewed, that Operating Units need to be prepared to invest considerable time in establishing the relationship. Furthermore, it goes to great lengths and detail on the process and the respective responsibilities of the operating Unit, implicitly describes the Operating Unit/contractor partner relationship, and when a partnership approach is appropriate.

⁸⁶ USAID is not explicitly a member of the partnership referred to.

⁸⁷ USAID is not a member of the partnership.

Four important concepts related to partnerships are: 1) the Country Context; 2) Substantial Involvement; 3) Results Framework; and 4) Results-based Contracts.

1) Country Context: In practice, the concept of “partner” when dealing with a country is not always clear-cut. Some of the results of country-level partnerships have been clearly the working out of goals by the local population and their governments, and programs carefully crafted with the local organizations from the planning stages, e.g., the agricultural and health extension programs, cooperatives, etc. Other programs have been driven by U.S. foreign policy goals that have, at best, received begrudging support by local governments and resistance by the local population, e.g., the coca substitution programs in Latin America. Between these examples are programs that have been well received by some local groups but resisted by their central governments, e.g., land reform, democracy/governance, decentralization, and human rights. There have also been programs that have had the support of local organizations but resisted by local groups, such as some land reform and free market efforts. Thus, the partnership concept is not always a broad partnership and may not be as participatory and equal when goal expectations are planned. (This is the challenge of joint or mutual “ownership.”) When this takes place, that is, incongruent expectations or goals, then the concept of partnership is difficult to apply and expected results may not be achieved, i.e., to extend the ownership metaphor, the partners may not have bought equal shares of the property. It may appear almost cynical to use the term “partnership” under these circumstances. In any case the conclusion is that Operating Units need to be candid and sanguine as to the relationship being established and use the appropriate term.

2) Substantial Involvement: In reality there has been an ongoing struggle for both Operating Units and contractors for the last 20 years to define the partner relationship and this, in turn, has been carried out between local organizations. The concept “substantial involvement” (p.15, “Designing a Partnership Program”) has been viewed as both a description of the Operating Unit/contractor interface for a partnership-like relationship and as a clause for control by the Operating Unit. It has even been referred to as a clause limiting an Operating Unit, especially in cooperative agreements and OPGs, where the contractor expects minimal Operating Unit input on details. These strained relations are often exhibited when Operating Units have to “invoke” the clause in order to be involved.

Daniel Santo Pietro, A. Sist, and Kris Merschrod. “Trends in PVO Partnership,” New York: Pact, 1989.

Among the 1980s’ reviews of partnerships between U.S. and local NGOs, this document looked at the experience of creating consortia and umbrella organizations as a means of extending the partnership from one-on-one to groups of local organizations. The goal was to achieve institutional strengthening as the NGO sector was expanding rapidly as a beginning of the fomenting of

linkages between like-minded NGOs and the to facilitate policy dialogue between NGOs and local governments. These were viewed as mechanisms that would allow multilateral organizations (e.g., UNDP and the World Bank⁸⁸) an opportunity to consult beyond the local government when undertaking program development.

The review is focused on the cases of the USAID-funded umbrella grants in Guatemala and Costa Rica, and describes the Pact work with USAID Operating Units in Bolivia. It also mentions the effort with USAID Operating Units in Sri Lanka, Indonesia, Thailand, Nepal and Bangladesh, which was later written up as “Asian Linkages.” The UNDP provided technical support of this type in six African nations, and this evolved into work with USAID in South Africa, Zambia, Botswana, Madagascar, Ethiopia, Angola, and Kenya.

Aside from documenting the multi-level possibilities of partnerships – among NGOs, between donors and NGOs and between NGOs and local government – the paper identified five trends that continue to be important foci for local organization policy in terms of partnerships even after 12 years:

- 1) Private (NGO) initiatives with multilateral donors are becoming integral to national development strategies. This is in reference to social investment funds and the establishment of poverty reduction strategies by including NGOs, just as the World Bank’s Poverty Reduction Strategy Papers and Comprehensive Development Framework a decade later.
- 2) The voluntary sector has shown increasing ability to expand the capacity of donors and national governments to reach larger numbers of the population by increasing the absorptive capacity of the same organizations and also by increasing the numbers of organizations in target areas. This has also been borne out in cases cited in this review.
- 3) Effective funding for PVOs was seen as dependent upon the local capacity of NGOs to expand to meet donor supply. This trend has been the basis for the Civil Society Support Program in Indonesia and PVO support projects that have worked to increase the managerial capacity of NGOs so that donor programs could expand. This is especially important where central governments have not been functional.
- 4) The coalition movements among NGOs in the countries studied showed the benefits of working as coalitions. Since the late 1980s

⁸⁸ The present WB NGO Liaison office had its roots in this experience, but by 1990 had worked with NGO umbrella groups in Guatemala, Peru and Sri Lanka when initially planning economic adjustment or social investment programs.

this kind of coalition action has been seen in the environmental, health and human rights sectors, and it is now known as a way to form what is abstractly known as “social capital.”

- 5) The fifth trend is related to the third trend. It is the tendency of donors to overwhelm the human resources of local NGOs, meaning that additional funding will be required to assure that the staff and training are sufficient to manage those resources.

Though presented 12 years ago, these trends continue, and, considering the diverse levels of human and organizational resources in countries where USAID operates, they will be continuing factors to be considered for policy to local organizations.

Anne Spevacek. “USAID’s Experience with Multi-sectoral Partnerships and Strategic Alliances: An Analysis of Best Practices and Lessons Learned,” Washington: USAID/PPC/CDIE/DIS, 1 Oct. 2001.

The Global Development Alliance (GDA) is the Agency’s newest business model, announced in the spring of 2001 by Administrator Andrew Natsios. The GDA approach differs from USAID’s other forms of partnering in that it assembles public and private donors to work together in order to jointly address development issues. These strategic partnerships or alliances among USAID, the private sector, other international donor agencies and NGOs are not merely philanthropic in nature, whereby corporations or private foundations donate funds to a specific USAID project. Rather, USAID’s GDA activities are based on the innovative idea that each partner brings comparable resources to the joint initiative, whether they be monetary, technical, or in-kind. The underlying premise is that by combining the complementary strengths and resources of each partner, a relationship ensues that generates greater overall benefits to beneficiaries than any of the partners could ever produce using the same resources alone.

It is important to note that GDA is *not meant to be a substitute* for the Agency’s strategy to foster and take part in multi-sectoral partnerships. Quite the opposite, the GDA model is an augmentation of the fundamental idea behind multi-sectoral partnering, which is engaging in increased collaboration between the public and private sectors in order to achieve focused goals with fewer overall resources.

The fundamental idea behind USAID’s GDA model is precisely that – to bring together complementary partner resources in order to achieve common goals.

The study found that the GDA strategy builds upon the previous practices and experiences with multi-sectoral partnerships. Thus the new strategy also comes with the previously identified costs of establishing and maintaining partnerships. Operating Units need to find innovative ways of connecting with local organizations as well as international donor agencies and corporate interests.

As with the rationale for all partnerships, it was found that “collaborating agencies benefit more from combining their efforts and resources than they would had they acted alone.” (p.4)

Successful implementation of the partnering strategy has been found to be based on previous basic concepts of working with local organizations – participation of all parties from the design phase onward plus new technical aspects developed specifically from the partnering experience such as vision statements, goal analysis and organizational capacity assessments. Traditional careful planning and plans, contractual specification of resources, and roles and responsibilities are also important aspects. All require that the Operating Unit be prepared to invest considerable time, patience and human resources to fostering these types of partnerships. The challenge is to find the “pay-off” to do this in the light of declining Operating Unit staff and the already overwhelming burden of existing workloads.

In the former Soviet Union, it was noted that, because of the previous communist government, it was difficult to build trust between private organizations and governments, and the results were not yet known; they may both go their separate ways. This lack of trust is common in other societies, too. The tension between NGOs and governments is universal and the tension between government and corporations is also legendary. The point is that the problem is centralized governance, no matter what the ideology, versus NGOs, where there has been a tradition of opposition to centralized and/or repressive regimes.

Thus, GDA provides a framework and guiding principles for working with local organizations, and it should be done by applying the usual concepts and good management practices.

“US-Asia Environmental Partnership: Five-Year Review,” Washington: USAID, Jun. 1997.

The US-Asia Environmental Partnership Review reveals that, time and again, old terms reappear, applied to “collectivities.” Based on its own experiences, the review recommends that partners “empower, devolve and decentralize” within the collaboration itself, as well as in relation to other participating actors (p.26). The report also cautions against trying to micro-manage.

Contractual Themes (OPGs, CAs, IQCs)⁸⁹

OPGs, Cooperative Agreements (CAs), Indefinite Quantity Contracts (IQCs) and contracts all have perceived pros and cons⁹⁰ based on the experience of the partners, yet few are simple tasks to be carried out that do not require a dialogue and exploration of the work in order to achieve the desired results. This same struggle for a definition between Operating Units and contractors has also been going on with the local organizations with which they work.

There is one additional aspect not common to the Operating Unit/contractor relationship. Most often the local organization is also the subject of the social change or development effort. Seldom is the contractor, such as an international non-profit or for-profit organization being compensated to “learn while doing,”⁹¹ but local NGOs, ministries, and municipal governments are being compensated to carry out the activities to benefit local populations while they are being strengthened.

There is also the national sovereignty issue. That is, local organizations do not want an outside agency to tell them what to do or how to do it. This is not only because of national or regional pride, but because of perceived loss or gain of political capital. Thus, the partnership concept, rather than being that of a “hired hand,” is very important to local organizations just as it is to the image USAID wishes to project.

One area identified by the NGOs and PVOs that defines the relationship as either a “hired hand” or a partner is the area of procurement and procurement procedures. One aspect is attitudinal, that is, when local organizations are asked to bid on projects they find the required responses too complex and the requisite terms too rigid. They are left feeling “boxed in,” rather than being actively engaged in the creative design of the project they are simply agreeing to deliver specific services or goods. The other aspect is about the procurement procedures; the further the organization is from the sources of supplies, the more difficult it is for them to comply with the formality required. Another procurement aspect is that some programs will advance part of the purchase and expect the local organization to provide the working capital until the structure or machinery is in place before receiving final payment. Local non-profit organizations

⁸⁹ John A. Grayzel, Lisa Rose Magno, and Geraldo Porta. “A Partners’ Consultation: Reengineering Relationships,” Reengineering Best Practices No. 4, Manila: USAID\Philippines, Jul. 1996. and

The Ad hoc NGO Working Group of Environmental Organizations, “Partners or Hired Hands? Procurement Reform for Effective Collaboration Between NGOs and Multilateral Institutions: The Case of the Global Environmental Facility of the World Bank,” 1997. and USAID, NPI Partnership, “NPI Guidebook and Lessons Learned from 15 Countries,” USAID website, online.

⁹⁰ Tables 2.1, 3.1 and 4.1 of the USAID NPI partnership guidebook.

⁹¹ Nevertheless, a special subset, such as the CRSP, enables the university to learn to work overseas.

complain that they do not have working capital because they are non-profits, and, besides, procurement is not their strong suit. Too often the negative feelings related to procurement and cash flow ruin the idea of a truly equal partnership. Typical local organizations do not have procurement and finance staff to cope with this aspect of project execution.

Curtis *et al* point out (pp. 4-6):

- Bidding should be simplified so that unsophisticated local organizations can respond to requests for proposals.
- The terms of reference should be in the form of a general framework and not in the form of prescriptive tasks – general proposals and not task orders.
- Requiring bank accreditation, bonds, guarantees and the expectation of the local organization providing working capital are not realistic.
- If agreements are general agreements and not task orders, the local organizations can provide the flexibility to respond to changing conditions that is needed in evolving contexts.
- The concept that the intellectual property rights accrue to the donor is at odds with the idea that local organizations are to be strengthened and supported to become self-sufficient.

REFERENCES AND URLs

Daniel Santo Pietro, A. Sist, and Kris Merschrod. “Trends in PVO Partnership,” New York: Pact, 1989. – A review of case studies from the mid-1980s with lessons learned and recommendations for umbrella or consortia PVO/local NGO partnerships.

USAID Advisory Committee on Voluntary Foreign Aid (ACVFA). “An Assessment of the State of the USAID/PVO Partnership,” Washington: USAID ACVFA, 1997. – This is an important PVO assessment and recommendation on the evolution of the partnership concept and its future.

The Ad hoc NGO Working Group of Environmental Organizations.⁹² “Partners or Hired Hands? Procurement Reform for Effective Collaboration Between NGOs and Multilateral Institutions: The Case of the Global

⁹² The Working Group consisted of Randy Curtis and Connie Schmidt of the Nature Conservancy, Achim Steiner and Abby Sarmac of the International Union for the Conservation of Nature (IUCN-US); Carmen Monico of Inter-Action and Lee Zahnow of World Wildlife Fund (WWF-US).

Environmental Facility of the World Bank,” 1997. This document raises some relevant issues in reference to the second type of partnerships, but it is mostly in response to the problems specific to the World Bank and their Cooperating Agencies and local organizations.

Charles Chanya, Stephanie McNulty, and John Pennell. “A User’s Guide to Intersectoral Partnering,” 1998.

<http://www.usaid.gov/pubs/isp/handbook/guide.html>

Charles Chanya, and Stephanie McNulty. “Partnering for Results: Assessing the Impact of Inter-Sectoral Partnering,” 1999.

<http://www.usaid.gov/pubs/isp/handbook/isp2toc.html>

USAID PPC/CDIE. “Designing and Managing Partnerships between U.S. and Host Country Entities,” PN-ACG-627, Washington: USAID PPC/CDIE, May 2001 - is the guidebook for all concerned. It describes how the “partnership” between the Operating Unit and the cooperating NGOs/PVOs should evolve.

Anne M. Spevacek. “USAID’s Experience with Multi-sectoral Partnerships and Strategic Alliances: An Analysis of Best Practices and Lessons Learned,” Washington: USAID/PPC/CDIE/DIS, 1 Oct. 2001.

New Partnership Initiative (NPI)

NPI Guidebook and Lessons Learned from 15 Countries

www.usaid.gov/pubs/npj

Inter-sectoral Partnerships (ISP): <http://www.usaid.gov/pubs/isp/links.html>

For ISP Handbooks: <http://www.usaid.gov/pubs/isp/hndbooks.html>

USAID’s Global Development Alliance (GDA) initiative: www.usaid.gov/gda

USAID Alliance Partner web sites:

US-AEP (United States – Asia Environmental Partnership) – www.usaep.org

The Alliance to Save Energy –

www.ase.org/programs/international/index.htm#Energy_Efficiency_Industry_Partnership

Chocolate and Coffee Production and Distribution Alliances –

www.usaid.gov/economic_growth/coffeemou/sbc_notice.htm

United States Energy Association (USAE) Partnership Program –

www.usea.org/default.htm

Vitamin A Initiative – www.usaid.gov/pop_health/cs/csvita.htm

Global Technology Network – www.usgtn.net

Global Climate Change Initiative –
www.usaid.gov/environment/climate_change.html

American International Health Alliance (AIHA) – www.aiha.com/english/index.cfm

Eastern Europe Partnership for Environmentally Sustainable Economies (Eco-links) – www.ecolinks.org

The Millennium Alliance for Social Investment – www.millennium-alliance.org/

TechnoServe Alliances for Rural Economic Growth – www.technoserve.org

G. Poverty and Gender Issues

SUMMARY OF SIGNIFICANCE FOR POLICY

Throughout this literature review, the subject has been local organizations. Specific issues such as gender and poverty, health, infrastructure and other indicators of development have not been directly addressed. It has been posited that the problem of development is a social organizational problem, and if local organizations are strengthened and linked together in networks, the problem-solving capacity of the community will be enhanced. Through locally defined and managed organizations, the key issues should be addressed. This does not mean that the issues of poverty and gender will automatically be first on the list of priorities, but, as pointed out, when the appropriate policies and donor funding are in place, the local organizational response is rapid.

Although poverty reduction and gender issues are woven throughout the text of this paper, this section summarizes the main points and provides abstracts from other-donor sources.

Poverty

Poverty reduction is a principal overarching objective of all donors. A review of recent donor programs and documentation⁹³ shows that all donors place as much emphasis on the need to address widespread world poverty as on issues of growth, governance and policy reforms. In fact, reducing poverty is a *sine qua non* of equitable economic and social growth. The collective donor experience of nearly 40 years managing development assistance programs in developing countries is that poverty alleviation is one of the key “building blocks” to long-term sustainable development.

The literature on the principal themes addressed in this paper shows that empowered, capable local organizations can have a positive impact on poverty alleviation in the following ways:

- Decentralized institutions create greater opportunities for employment and incomes at the local level.
- Empowered citizens given responsibility for management of local projects play a role in assuring the efficient use of public funds and in seeking additional funds through local resource mobilization.

⁹³ From DAC Reviews and individual donor websites, principally those of the World Bank, European Union, UNDP and selected bilaterals.

- Participatory democracy as represented in empowered local organizations and local government offers a channel for the poorest and most disadvantaged to make their needs known.
- Effective local organizations are more capable of generating funding support from members because the members have a stake in the success of the organization.
- Civil society creates advocacy groups that lobby for good governance and accountability and the efficient shepherding of public funds.
- Participatory organizations at the local level utilize funds and other resources more economically because they are directly accountable to their members.
- Local organizations are knowledgeable about the conditions of their working environment and work at lower cost than national or outside agencies. From a macro perspective, such operational economies can be used, at least in principle, for social purposes, including obtaining more funds for programs to address the population living below the poverty line.
- Donors have increasingly worked through and with local organizations to achieve poverty-reduction aims. Efforts to understand the causes of poverty and to identify the most vulnerable elements of the population and other isolated pockets of poverty are using local organizations to conduct surveys and help target these groups through locally-conducted household poverty surveys. This is especially significant in many African countries, where the incidence of poverty in terms of percentage of populations living below the poverty line is rising.
- It is the generally-accepted estimate that two billion people are living at or below the poverty line, approximately one-third of the world's population. This is a serious issue underlining local and regional instability and the resort to violence and revolution which is directly related to the resort to terrorism by disadvantaged, marginalized groups. By attacking misery at its roots in the communities, building blocks to prevent conflict and violence can be erected. Local organizations are the most obvious channel of support.

The proposed strategy to strengthen local organizations, create a facilitating context in which interest groups (stakeholders) are integrated into local governance, and strengthen or create new links between groups is one of great

importance. In this way, local issues will be addressed and prioritized because the problem-solving capacity of the people will be focused on poverty issues as locally identified.

Gender Issues

The support for an enabling context described in the previous sections has been and continues to be a crucial factor to women's active participation in the decentralization process and participatory planning, as well as active membership in credit organizations, health services and other associations. The restructuring and facilitation of linkages provide women with opportunities beyond single or specific women's projects. These programs legitimize women's groups and convey prestige to them as a group, and this transfers to the esteem with which they are held in general. It is another example of how pluralism can be increased by new and more diverse linkages that bring new perspectives and ideas into the local context. The issue is about more than just women's groups.

As was described in the "Participation" section of this review, it is important when considering governmental and electoral reforms to address the marginalization of the same groups identified as needing a voice in the community.

Examples with regard to women are seen in the electoral laws of Peru and in the popular participation/decentralization law in Bolivia, where all parties are required to have females as 25 percent of the candidate composition. This opening or enabling environment needs to be supported by offering training programs for women in how to manage a campaign. Follow-through is also needed to assist good governance by women once elected. NGOs in both Peru and Bolivia have played this role with the support of donors.

Participation by women at the national level to produce reforms can also be in the form of a movement even if their election to legislature is limited. The Nicaraguan movement⁹⁴ that culminated in the passage of laws⁹⁵ against violence toward women and the family was a broad-based coalition of NGOs. This resulted in changes in the family laws making women and men equal under the law. The law also changed the way police handled domestic violence. Support for these kinds of movements is one way for donors to address the needs of women. This movement is a good example of the development of horizontal and vertical linkages between non-governmental organizations and governmental organs and agencies creating the social capital used to bring about the reforms.

⁹⁴ María Meza, "Red de Mujeres Contra la Violencia" Unpublished draft for Japanese-funded IDB study (2000).

⁹⁵ For example, laws 150, 228 and 230 that reformed the penal code and the structure of the police with regard to family violence in 1995 and 1996.

REFERENCES AND ABSTRACTS

Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC). “The DAC Guidelines: Poverty Reduction,” OECD/DAC website, online. Paris: OECD DAC, 2001.

“Empowering the Poor: Powerlessness, injustice and exclusion perpetuate poverty—and make it worse. The poor need to be able to exercise their human rights and to influence state institutions and social processes that affect their lives. Key elements for empowering the poor include:

- Strengthening popular participation in formulating and implementing policy and in assessing impact.
- Promoting democratic and accountable governance and transparency.
- Increasing the scope for civil society interaction and freedom of association.
- Giving the poor more voice and control over the type, quality and delivery of services they receive.” (p. 19)

“The Key Role of Community Organizations: Non-governmental organizations and private sector-based entities such as chambers of commerce and the enterprise sector can spearhead effective and innovative initiatives for reducing poverty and should receive the institutional and financial support they require for implementing such activities. Many NGOs, for example, have pioneered ‘good practices’ in developing informal learning and literacy methodologies, and in such areas as peace-building, strategic gender programming, partnerships with local government and capacity-building of local civil society organizations. Supporting the advocacy, lobbying and networking activities of local NGOs representing the poor is essential to creating and maintaining an enabling environment for poverty reduction by giving ‘voice’ to the poor. Key challenges for improving the effectiveness of these social actors include strengthening their administrative capacity, building their analytical capacity and extending their reach to the very poorest segments of society.” (p. 66)

“Area-based approaches: Despite an historical legacy of inefficiency, integrated approaches limited to a specific rural area have recently re-emerged in the context of political and economic liberalization in partner countries. Where local authorities have sufficient autonomy and where rural markets are liberalized, it becomes possible to operate without the top-down institutional framework that contributed to the failure of the former Integrated

Rural Development Programmes. Behind the renewal of interest in area-based approaches is also the desire of agencies to tackle the multidimensionality of poverty and to focus on sustainable livelihoods by cutting across sector.” (p. 79)

“Decentralisation: The move to partnership and promoting country ownership is prompting agencies to decentralize decision-making and staff to the field. Decentralization helps agencies to improve their understanding of, and to heighten their responsiveness to, changing local poverty conditions. It also promotes better dialogue and partnership through close and continuous interaction with other local partners and it strengthens agency credibility as a partner.” (p. 121)

Roberta Bensky. “DAC Scoping Study on Donor Poverty Reduction: Policies and Practices,” Poverty Reduction Documents – Best Practices. Paris: OECD DAC, 17 Jun. 2000.

“Mainstreaming Gender: Gender mainstreaming, which predates attempts by agencies to mainstream poverty reduction, provides a source of expertise on mainstreaming strategies. It confirms the importance of moving beyond separate projects, or ‘tacking on’ components, for poor people, and instead taking poverty reduction into account in all agency activities and dialogue. It also emphasizes that increasing participation by the poor is insufficient; the *terms* of their participation must also be made more equal. In addition, the experience of gender mainstreaming provides practical lessons with respect to agency organizational structures... Finally, gender mainstreaming and the effective use of gender analysis are likely to be *integral to successful poverty mainstreaming*. The donor case studies indicate that although institutional cultures are slow to change, agencies have made considerable progress in mainstreaming gender.” (p. xix)

“Gender Dimensions of Participation: Focusing on relations *between* men and women is thought to be useful even where the principal target group is female. This addresses the fact that the constraints facing women are often linked to the nature of social relations within the household, and more widely to the social construction of gender. For example, the UK/CARE urban self-help project in Zambia, PUSH, found that basic gender training for men and women participants produces important synergy with other project components, with spin-offs for wider social change, such as the creation of new barriers against the appropriation of widows’ property. Elsewhere it is reported that involvement of women creates a stronger sense of ownership and participation than

otherwise occurs. However, ...the more systematic findings of the European donors' study are discouraging. Cox *et al* (1999) found that sensitivity to gender in the design of projects is limited to only one in five in their sample of 90 poverty reduction projects. But again the newer interventions have taken more account of this aspect." (pp. 108-109)

"Gender: Because gender cuts across other forms of social inclusion/exclusion, ensuring that women have a meaningful voice in and benefit from community actions poses particular challenges. Methods that enable the poor or indigenous groups to affect or benefit from community decisions may exclude women. Gender-sensitive approaches to inclusion are therefore required if community actions are to be genuinely inclusive."⁹⁶

World Bank. "Policy Research Report on Gender and Development," World Bank website, online, 31 Jan. 2001.

"The report strengthens the analytical and empirical underpinnings of promoting gender equality and, in doing so, clarifies the value added of bringing a gender perspective to the analysis and design of development policies and projects. Based on the evidence, it argues that development policies that do not take gender roles and relations into account and that do not address gender disparities will have limited effectiveness. Among its key conclusions:

- "Despite progress, gender inequalities are still pervasive worldwide and exist across many dimensions of life. In no developing region do women experience equality with men in legal, social and economic rights. Gender gaps remain widespread in access to and control of resources, in economic participation, in power, and in political voice. These gaps are wider in poorer countries and in the poorest groups within countries.
- "While girls and women are most disadvantaged by gender disparities, these inequalities reduce the well-being of all people. Societies that discriminate on the basis of gender pay a significant price—in more poverty, slower economic growth, weaker governance, and a lower quality of life."

⁹⁶ World Bank, "Community-driven Development" Participation section, online.

World Bank. “Launching of the Gender Mainstreaming Strategy,” World Bank website, Gender section, online. 25 Jan. 2002.

A speech by Bank President Wolfensohn on January 15, 2002 introduced a new book, *Integrating Gender into the World Bank’s Work*, describing the Bank’s effort as a new beginning to take seriously the role of gender in development. “The World Bank will work with governments and civil society in client countries and with other donors to diagnose the gender-related barriers to and opportunities for poverty reduction and sustainable development, and will then identify and support appropriate action to reduce these barriers and capitalize on the opportunities” (p. 2). Wolfensohn said the Bank had been deficient in addressing gender issues, and was establishing new criteria and markers for gender considerations in poverty reduction strategy papers (PRSPs) to “try and rebalance those poverty reduction strategies with the gender component that we think is appropriate.”

World Bank. “The Business Case for Mainstreaming Gender,” World Bank website, Poverty section, online, 2001.

“Evidence demonstrates that when women and men are relatively equal, economies tend to grow faster, the poor move more quickly out of poverty, and the well-being of men, women and children is enhanced. Several major World Bank reports provide strong empirical evidence that the gender-based division of labor and the inequalities to which it gives rise tend to slow development, economic growth and poverty reduction. Gender inequalities often lower the productivity of labor, both in the short and long term, and create inefficiencies in labor allocation in households and the economy at large. They also contribute to poverty and reduce human well-being. These findings make clear that gender issues are an important dimension of the World Bank’s fight against poverty.”

World Bank. “The Importance of Gender in Bank Policy and Project Work,” World Bank website, Gender section, online.

This report describes the impact of gender issues on sectors:

“Poverty Reduction: Most World Bank poverty assessments now specifically examine gender differences in the impacts of poverty and in responses to poverty reduction policies and programs. Women are frequently more severely affected by extreme poverty as they must allocate increasing amounts of time to ensuring household survival while continuing to be involved in economically

productive activities. Experience is increasingly available on ways to design projects to reduce women's time burden and to ensure the continued provision of essential services. Social Funds offer one very promising approach on which substantial documentation is available. There is also increasing awareness that conventional survey methods do not adequately capture the gender dimensions of poverty and that they must be combined with participatory evaluation methods."

"Environment and Rural Development: Women farmers currently under-perform due to a lack of access to credit, information, extension services and markets and because household duties and childcare limit the time they have available. Once these constraints are removed studies have found that women farmers are as productive as men farmers and that removing these constraints can significantly increase agricultural productivity—particularly in regions such as many parts of Africa where women play an increasingly important part in farm management and production."

"Micro-finance: Dramatic progress has been made in increasing the access of women entrepreneurs and women's community organizations to finance and technical support services. Credit has proved one of the most effective ways to increase women's economic productivity and empowerment, and the repayment and loan utilization rate for women is frequently much higher than for men. There are still many challenges to assure the sustainability of these programs..."

World Bank. "How the World Bank Promotes Gender Equality," Progress Report No. 1, online, Mar. 1996.

One of the recommendations of the 1995 Beijing Conference on Women was "promoting the participation of grassroots women's groups in economic policy formulation." The Bank has used participatory assessment methodology to "ensure that a broad range of civil society, including poor and vulnerable groups, are given a voice. The participatory poverty assessment has proved to be a particularly effective instrument for understanding the gender dimensions of poverty and for understanding how women are affected by periods of economic stress, such as rising unemployment, drought, etc." (p. 3)

Though this document predates the arrival of poverty reduction strategy papers (PRSPs) by three or four years, it demonstrates the importance of including gender considerations in poverty assessments. This report indicates that 76 percent of the Bank's population, health and nutrition operations in 1995 had a

gender component; 65 percent of education projects; and 60 percent of the agricultural projects (p. 6).

Marcia Greenberg. “USAID/WIDTech,” *Women, Law and Development International* (1999).

Forging New Alliances: Democracy and Governance Lessons from Women in Development (WID) Projects

Although this document focuses on women’s legal status, it also provides some insights into enhanced women’s participatory roles based on lessons learned from various projects funded under USAID/WID’s Promoting Women in Development project (PROWID).

“Through 47 grants, PROWID has supported original pilot activities, operations research and advocacy conducted by community-based institutions and non-governmental organizations. The purpose of these activities is to demonstrate how women can be better involved and benefit from development interventions across a range of sectors, including democracy, economic growth, environment and post-conflict reconstruction.”⁹⁷

This report documents results of a workshop of USAID D/G officers to review lessons learned and discuss application of these lessons in USAID programming. Among the conclusions:

- “Work with leaders from NGOs, education or labor unions who connect to the grassroots.
- “Utilize the media.
- “Find individuals with grassroots origins who became elites or legal professionals, but maintained connections with homes and villages.
- “Forge issue-based collaboration.
- “Develop advocacy plan to connect to allies or social movements.”⁹⁸

The workshop participants observed:

⁹⁷ Ibid. 1.

⁹⁸ Ibid. 6.

- “Inclusion and Participation: Empowering women as citizens may enable them to improve the representative nature of government.” Use the strategic assessment framework to assess the degree of women’s inclusion in local decision making.”
- “Competition of Ideas: Women’s participation in democracy may increase or enrich the issues and perspectives in a democracy.”
- “Good Governance: Training women may improve governance by interesting and enabling citizens in the democratic culture of watching government’s actions and holding government officials accountable.”
- “Civil Society Arena: Those activities that strengthen the capacity of women’s NGOs also enable those organizations to serve as watchdogs, providers of services, representatives of citizens’ interests, and models for other NGOs.”
- “Civic Education: Enabling, activating and strengthening the capacity of certain individuals and organizations make them examples for others in society of how citizens behave and participate in a democratic society.”
- “Political Participation: Women may start on their own politics before national politics. They get experience from what they know. They are compelled to become active in democracy by issues of particular, personal importance, but then have the skills to participate more broadly.”
- “Decentralization: Women’s participation at the local level—as leaders or constituents—brings into local government some of the key people who know about, have interests in, and are committed to local issues such as education, local economic development, and protection of the environment.”
- “In contrast with the positive linkages between women’s empowerment and democracy, some participants noted that women’s empowerment may sometimes have limited democratic impacts. They pointed out that empowering only elite women may result in failure to engage women throughout society. Similarly, they expressed concern that not all women who are empowered then maintain, cultivate, or use connections with constituencies or villages. (The same may be said, however, for elite men in government.)” (pp. 8-9)

REFERENCES AND URLs

www.worldbank.org/participation/
www.worldbank.org/poverty
www.worldbank.org/gender

The DAC Guidelines: Gender Equality & Women's Empowerment in
Development Cooperation (PDF file; only 1998 edition available online)
www.oecd.org/pdf/M00002000/M00002330.pdf

The DAC Guidelines: Poverty Reduction
www.oecd.org/pdf/M00022000/M00022693.pdf

III. OTHER-DONOR POLICIES AND PROGRAMS: Donor Agreement on the Same Major Themes

SUMMARY OF SIGNIFICANCE FOR POLICY

While all donors have done considerable thinking on how the issues of participation, decentralization, enabling environment and civil society/NGOs influence their own strategic planning and program policies, research for positions of other donors on the specific topic of support to local organizations in development reveals a wide range of available information among both multilaterals and bilaterals. In particular, the World Bank and the EU have extensive documentation. Among bilaterals, in addition to USAID, the UK and Switzerland have thought the most on these issues and organized themselves along lines to promote participatory development and decentralization. This chapter focuses on reports and studies of those donor organizations that have produced evidence of more advanced thinking on the role of local organizations in their strategic planning and guidance to their staffs.

Other-donor reports and analyses point to some common threads underlying the role of civil society, local NGOs and grassroots development in their strategic thinking. While specific approaches differ from donor to donor, they agree on the importance of:

- Participation (often linked to decentralization strategies and direct support to CSOs) as an important end in itself that cannot be achieved solely on donors' working "top-down," i.e., exclusively with central governments on the enabling environment.
- Support to citizens' participation in public policy and decision making by their governments.
- Building and deepening formal linkages with national and local NGOs (the World Bank's NGO Liaison Offices and the EU's Citizen's Advisories are examples).
- The "Complementarity Principle," used by some (e.g., the EU) to empower their member country NGOs to respond directly to local organizations rather than through systems like the Annual Program Statement (APS) and Request for Proposals (RFPs) employed by USAID.
- The cost effectiveness of direct support to local organizations. Research and experience generally demonstrate that locally-managed and -controlled activities are less costly and wasteful, and stimulate higher levels of local resource mobilization.

- Though it is difficult to cite explicit reference in donors' reports, their experience demonstrates that a focus on local organizations is also a by-product of the limitations or inability of donors to work directly with certain governments. Most notably are those of failed or failing states, "non-participatory regimes," and countries in crisis or conflict.

Donors are in agreement over the importance of an appropriate enabling environment for the fostering of civil society, NGOs and other local organizations. Most have supported the large-scale trend towards decentralization, which has its roots in the growing importance accorded to participation, the origins of which can be traced back over 20 years. But, in the 1990s a much more significant emphasis on decentralization emanated from the indisputable realization that an exclusive focus on government-to-government aid was insufficient, and in some countries, counter-productive to the goal of achieving long-term sustainable development. At the same time, donors have accorded increasing recognition to the role of citizen participation in their own governments' policies and decisions. From this, donors have become more aware and are paying more attention to NGOs and their role in development, both within donor countries and in developing countries.

Poverty Reduction: The intensified focus on poverty alleviation in recent years has also deepened donors' interest in the role of local organizations in development. Poverty goals have involved a number of grassroots elements, such as the importance accorded to that portion of a country's population living below the poverty level, the regular conduct of household surveys to determine pockets of extreme poverty, and the subsequent attention to communities and local government as important targets of concentration. How these trends have affected donor policies towards local organizations has differed among individual donors, however, as a function of some donors' limited management capacity or development philosophy. All donors unanimously agree on a significant role for NGOs, both international and local, as important instruments of development and poverty reduction.

While donor attitudes about NGOs are fairly consistent and well developed, policies on local organizations in development are less easy to analyze because not all donors have established specific strategies or approaches. Moreover, many bilateral European donors do not have the capacity to manage such activities, and tend to work through their own national NGOs, or through trust funds managed by international organizations (usually UNDP or the World Bank). Donors have generally developed specific policies emphasizing the importance of direct support to grassroots development, community participation and support to NGOs, but few have issued specific policy statements on local organizations *per se*. The most forward-looking are the World Bank and USAID. They, in

addition to the EU and Switzerland, have done considerable work on decentralization.

The general agreement among other donors as to the importance of participation, decentralization, and the role of local organizations in the process bodes well for the USAID Global Development Alliance strategy to forge partnerships worldwide to work on precisely these issues. The opportunities are unlimited and by using this strategy the networks formed will build social capital on an international scale and will enhance the image of US foreign policy as a partner.

REFERENCES AND ABSTRACTS

World Bank

The Bank has extensive documentation on the themes of participation, decentralization and community-level development. More than any other donor (except USAID), the Bank's work on these themes provides a number of indications of its policy on local organizations.⁹⁹

Civil Society

The Bank has issued guidelines for working with civil society.¹⁰⁰ The objective is to acknowledge and encourage ownership of development among CSOs. These guidelines differentiate five types of CSOs:

- Representative (organizations and associations which aggregate citizen's views). These include membership organizations such as unions, NGO collectives and networks, churches and other religious organizations, and organizations of ethnic or indigenous people.
- Advocacy and technical inputs (those which provide advice and information, and lobby on issues). These include business and

⁹⁹ Key reports reviewed are:

World Bank Operations Evaluation Department (OED), "Participation Process Review" Executive Summary (27 Oct. 2000). and

"People's Participation in Development Processes and Institutions: Key Challenges and Ways Forward for the 21st Century." World Bank Workshop on Poverty Reduction. World Bank website, "Participation" online. Parmesh Shah served as the Participation Coordinator for World Bank workshop.

World Bank, "Participation and Decentralization" online.

World Bank, "Community-Driven Development," draft, online.

World Bank, "Lessons on Community-Driven Development" online.

¹⁰⁰ World Bank, "Consultations with Civil Society Organizations (CSOs): General Guidelines for World Bank Staff" Participation: Country Assistance Strategies, online.

professional groups, advocacy NGOs, research institutions, and media groups.

- Capacity building (those providing management, financial and technical support to other CSOs). These include foundations, NGO support organizations, and training organizations.
- Services (those implementing projects or providing services). These include implementing NGOs, credit unions, and informal, grassroots and community-based associations.
- Social (those offering various recreational activities). These can be sports-oriented and ethnic/migrant clubs.

Participation

The Bank defines participation as “the process through which stakeholders influence and share control over priority-setting, policy-making, resource allocations and access to public goods and services.”¹⁰¹

The Bank’s proportion of stakeholder participatory projects has risen in recent years but capacity needs require more attention, with a more institutional development approach to participation recommended.

Poverty Reduction Strategy Papers (PRSPs) and the Comprehensive Development Framework (CDF)

The PRSPs are now the principle planning instrument and “*operational vehicle*”¹⁰² for development assistance within the World Bank (and the UNDP). (It has replaced the Bank’s former Policy Framework Paper (PFP)). Prepared by the host government, it embodies both process and strategy. World Bank guidance calls for “utilizing and building local capacity in core areas needed for effective poverty reduction strategies.”¹⁰³ A recent review of the PRSPs concludes:

“The open and participatory nature of the PRSP approach is regarded by many as its defining characteristic and its most significant achievement. PRSPs have often led to an improved dialogue within the various parts of governments and between

¹⁰¹ “People’s Participation,” World Bank Workshop.

¹⁰² “Which can be a specific output of processes assessed on CDF-based principles—that is intended to translate a country’s poverty reduction strategy into a focused and time-bound action plan.” Source: World Bank, “Comprehensive Development Framework Questions and Answers,” undated, online.

¹⁰³ World Bank and International Monetary Fund (IMF), “Review of the Poverty Reduction Strategy Paper (PRSP) Approach: Main Findings” (15 Mar. 2002) 7.

governments and domestic stakeholders. There is some evidence that the active involvement of civil society has influenced PRSP content, particularly in drawing attention to social exclusion, the impoverishing effects of poor governance, and specific policy issues, such as the elimination of school fees in Tanzania and health fees in Uganda. The challenge for most countries is to move away from *ad hoc* consultations to more institutionalized forms of dialogue.”¹⁰⁴

The same review goes on to cite a number of constraints to full participation:

“Various concerns have been expressed about the lack of involvement of specific groups in the participatory process. While the patterns differ across countries, CSOs that were out of favor with the government; local government officials; private sector representatives; trade unions; women’s groups; and direct representatives of the poor are among the groups that have not always been fully involved in the PRSP process. Concerns have also been expressed by civil society groups as to whether governments are limiting participation to information sharing and consultation, and whether civil society can extend its role in the decision making process beyond targeted poverty reduction programs to the macroeconomic policy and the structural reform agenda, especially trade liberalization and privatization.”¹⁰⁵

These findings are also reflected in two earlier reports. One cites “inadequate preparation by all relevant stakeholders” (in PRSPs), “limited or unclear impact of participants,” and the “weak capacity of CSOs” to “participate effectively.”¹⁰⁶ The other concludes:

“The desk review suggests that on balance civil society participation can add considerable value to PRSP processes and to transforming policy environments in ways which are beneficial to the poor and supportive of better governance and more responsive behavior by governments and donor institutions. However, while we would assert with confidence that participation *can* add value, the review does not demonstrate conclusively that in all countries significant value *has* been added as could be with better-quality participatory processes. Much remains to be done to consolidate and sustain the advances made so far.”¹⁰⁷

¹⁰⁴ Ibid. 9.

¹⁰⁵ Ibid. 9.

¹⁰⁶ World Bank and International Monetary Fund (IMF), “Review of the Poverty Reduction Strategy Paper (PRSP) Experience: An Issues Paper for the January 2002 Conference” (7 Jan. 2002) 12.

¹⁰⁷ Rosemary McGee, Josh Levene, and Alexandra Hughes, “Assessing Participation in Poverty Reduction Strategy Papers: A Desk-based Synthesis of Experience in sub-Saharan Africa,” draft

Finally, the March 15, 2002 review offers a list of “good practices:”

- “Sustaining key aspects of participation, including information sharing and openness of decision-making and debate about alternative policy choices, so that dialogue with non-governmental stakeholders can be routinely conducted by governmental institutions.
- Linking to and building on existing processes and institutions, including the involvement of parliaments, cabinets, and sectoral ministries in PRSP preparation at appropriate stages.
- Involving all significant stakeholder groups in the participatory process, such as civil society, including the private sector, and donors, and making particular efforts to reach out to traditionally marginalized groups.
- Making PRSPs and related information available and understandable to local civil society.
- Improving mechanisms for feedback to local participants in the PRSP process, as well as reporting in PRSP’s concerns expressed by key stakeholders.”¹⁰⁸

Stating that “poverty reduction is the core objective of the Bank,”¹⁰⁹ the Bank established the Comprehensive Development Framework (CDF) in 1999 as the new instrument of policy guidance promoting the underlying development principles of poverty alleviation, country ownership, partnerships (including civil society and the private sector) and improved development outcomes.¹¹⁰ The CDF was launched in the recognition that development progress had been hindered by continuing high and, in some countries, rising poverty rates, the proliferation of new conflicts and the inability of governments and their populations to deal effectively with these issues. The CDF attempts to align poverty reduction strategies with the appropriate macro-economic environment.

While the CDF’s principal emphasis lies in restructuring the donor-recipient partnership based on the new values of country-driven development, the underlying principles also acknowledge the importance of popular participation in

report (Sussex: University of Sussex Institute of Development Studies Participation Group, Oct. 2001) 4.

¹⁰⁸ World Bank and IMF, “PRSP Review: Main Findings.”

¹⁰⁹ Roel van Meijenfeldt, “Comprehensive Development Framework and Conflict-affected Countries: Issues Paper” (Washington: World Bank CDF Secretariat, Sept. 2001) 6.

¹¹⁰ World Bank, “A Proposal for a Comprehensive Development Framework-Discussion Draft” (21 Jan. 1999).

defining and informing government policies. Under its “Guidelines for Partnership,”¹¹¹ the following guidance relating to popular participation is found:

- “The Bank recognizes that development is about expanding the ability of people to shape their own lives.”
- The Bank recognizes that people need at all times to be the owners of their development process.
- The Bank recognizes that people need a voice and an opportunity to participate in the policy making process about national development priorities.
- The Bank recognizes the need to invest in and support local capacities and to focus its assistance on sustainable activities.”

Efforts to improve the quality of PRSPs through the CDF process have been reviewed in a progress report analyzing pilot CDF programs in 12 countries. “Evidence is growing that participation improves the quality and sustainability of development efforts.” The case of the Uganda poverty assessment was cited wherein the consultative process “with poor communities on their most urgent needs” resulted in “previously unconsidered dimensions such as risk, vulnerability, physical and social isolation, powerlessness and insecurity...”¹¹² However, regular, systematic consultations with communities remains “spotty” and “formidable challenges” were cited. “Institutional structures for engaging civil society and the private sector are still rudimentary. Moving forward, developing such structures will be a key part of the agenda, as will the need for greater consistency and transparency in their use.”¹¹³

World Bank NGO Liaison Office

The Bank opened NGO Liaison Offices in over a dozen countries beginning in 1997 as adjuncts to the Bank country offices. The role of those offices is to engage the local NGOs in policy debate and preliminary discussion about Bank initiatives.

In a workshop on participatory development,¹¹⁴ a section titled, “How to Support Poor People’s Organizations and a Strong Civil Society” provides the following guidance:

- “Support local and community-driven development;

¹¹¹ Von Meijenfeldt, 26.

¹¹² World Bank, “Comprehensive Development Framework: Country Experience March 1999 – July 2000” (Sept.2000) 23.

¹¹³ Ibid. 23.

¹¹⁴ World Bank, “People’s Participation” workshop.

- Support local capacity to organize, federate and network;
- Create capacity for independent monitoring of public budgets and performance;
- Create local empowerment funds for learning and networking;
- Support global coalitions for voices of the poor to inform policy shifts for international organizations;
- Support rules and finance to strengthen pro-poor civil society and information disclosure rules.”

Decentralization-Participation Symbiosis:

The Bank considers decentralization as “symbiotic” with participation.

On the one hand, successful decentralization requires some degree of local participation. Sub-national governments’ proximity to their constituents will only enable them to respond better to local needs and efficiently match public spending to private needs if some sort of information flow between citizens and the local governments exists. On the other hand, the process of decentralization can itself enhance the opportunities for participation by placing more power and resources at a closer, more familiar, more easily influenced level of government. In environments with poor traditions of citizen participation, decentralization can be an important first step in creating regular, predictable opportunities for citizen-state interaction.¹¹⁵

However, the relationship between the two also produces contradictory policy guidelines, as promotion of decentralization requires modes of participation, but sometimes the absence of participatory mechanisms can encourage moves towards decentralization.

From its experience, the Bank believes that funding “demand-driven projects” is one of the Bank’s principal ways to promote decentralization.

Implicit in these themes is the underlying concept of *empowerment*. Empowerment is defined as: “The capability of poor people and other excluded groups to *participate, negotiate, change and hold accountable institutions* that affect their well-being.” It promotes “participation and negotiation, voice and

¹¹⁵ World Bank, “Participation and Decentralization” online.

representation, and accountability. It is about change, in capacity of people, and the enabling environment.”¹¹⁶

Community-driven Development:

Bank president James Wolfensohn captured the essence of the concept of Community-driven Development (CDD) as follows:

What is it that the poor reply when asked what might make a difference to their lives? They say, organizations of their own so that they may negotiate with government, with traders and with NGOs. Direct assistance through community-driven programs so that they may shape their own destinies. Local ownership of funds, so that they may put a stop to corruption. They want NGOs and governments to be accountable to them.¹¹⁷

Successful CDD programs require adherence to the principles of sustainability, social inclusion, and the appropriate policy and institutional environments.

A report summarizing the Bank’s experience to date,¹¹⁸ reviewed 48 community-focused projects, of which 21 were social funds projects, nine slum upgrading, and 18 “other.” It rates their success based on satisfactory outcomes, sustainability and institutional development.

- Satisfactory outcomes: CDD projects overall rated 81 percent compared to an overall Bank project rating of 76 percent. Social funds projects rated the highest at 90 percent. This indicates good performance of the projects with decentralized financial management systems complemented by a high degree of local participation.
- Sustainability: CDD projects rated only 35 percent likely to be sustainable after the project support ended compared to 47 percent Bank-wide. This points to an underlying concern that CDD projects are less likely to be sustainable than Bank projects overall. This calls for increased attention to local resource mobilization and to projects in which funds are generated locally to cover ongoing operational costs from the outset.
- Institutional development: Forty percent of CDD projects were deemed to have improved capacity compared to 30 percent of all Bank projects. The Bank considers this an impressive indicator relative to the Bank’s projects overall, due to higher incidence in

¹¹⁶ Ibid.

¹¹⁷ World Bank, "Community-driven Development," draft, online.

¹¹⁸ World Bank, "Lessons on Community-driven Development" online.

CDD projects of sound performance monitoring and evaluation systems throughout the lives of those projects which were highly successful.

The Bank lists four kinds of CDD activities:

- Those which facilitate the enabling environment for CDD;
- Those controlled by the communities, which also manage the investment funds;
- Those under community control but without direct management of funds; and
- Local governments.

This report provides a matrix demonstrating the advantages of CDD.

“Why a Focus on Community-driven Development”

Expected Benefits	Drivers
Lower Costs	<ul style="list-style-type: none"> - Communities have most to gain from an efficient use of resources. - Increased community contributions.
Greater Effectiveness and Sustainability	<ul style="list-style-type: none"> - Choice of investments reflects local priorities. - Community contributions promote selection of investments that communities are willing to maintain. - Increased community capacity and ownership enhance sustainability of investments.
Empowerment and Governance	<ul style="list-style-type: none"> - Trusting communities with management of resources empower and can build capacity (“learning by doing”). - Increased voice of poor people in local governance. - Concrete results on the ground can increase government legitimacy.
Scaling Up	<ul style="list-style-type: none"> - Local capacity can be leveraged for poverty reduction in large number of communities simultaneously.

Expected Benefits	Drivers
Development of Small Private Sector	- Community management of resources increases demand for small private service providers and contractors.

European Union and the Participatory Democracy Objective

Participatory democracy is a stated policy objective, and partnership with local NGOs is important for achieving this. European NGO involvement in policy-shaping and implementation helps win public acceptance for support of the EU's programs in the developing world. From the EU's perspective, EU member-country NGOs offer a voice for the poorest and disadvantaged who may not be heard through other channels; provide feedback on the success or failure of EU policies; help manage, monitor and evaluate projects; and help form a 'European public opinion' usually seen as a prerequisite to promoting a true European political entity." (p. 5)

In a series of policy paper on NGOs, civil society and decentralization,¹¹⁹ the EU makes a number of relevant points:

- The number of NGOs in the developing world and the transition countries of Europe has increased rapidly in the last several years, with growing links between NGOs in industrialized and developing countries.
- European NGOs and their partners in the developing world are closer to the development situation to identify and address community-level issues than the bureaucrats at EU headquarters and their field offices. NGOs know more about the local scene and work at much lower cost and can generate quicker mobilization of resources, with direct impact on beneficiary partners.
- A European Commission (EC)¹²⁰ NGO Task Force produced a discussion paper in early 2000 laying out a framework for building a new relationship between the Commission and NGOs, "The Commission and Non-Governmental Organizations: Building a Stronger Partnership."

¹¹⁹ Tim Clarke, "EC Support for Development NGOs" (EC, 2000). Tim Clarke is the head of the Civil Society, NGO, Good Governance and Decentralized Cooperation Unit for the European Commission (EC) Directorate-General for Development.

Gilles Desesquelles, "The Non-governmental Actors" (EC, 2000). Gilles Desesquelles is affiliated with the Civil Society, NGOs and Decentralized Cooperation Unit for the EC Directorate-General for Development.

¹²⁰ The European Commission is the overall executing body of the European Union.

- In 1975, the EC established a budget of \$2.5 million to co-finance activities in developing countries proposed by European NGOs. In 2000, this budget was \$200 million for 764 projects in 78 countries. In 1998, the EC Council adopted a regulation that established a formal legal basis for the EC's management of the financial resources it gives to NGOs. The regulation details the range of NGO projects and programs that can be co-financed and established a Council NGO Co-Financing Advisory Committee chaired by the EC.
- The Cotonou Agreement with ACP¹²¹ Countries¹²² which governs the development-cooperation program of the EU and is renegotiated with its developing country partners every five years, promotes participatory development and decentralization explicitly for the first time. This change recognizes the increasing number and range of civil society NGOs and their role in development, working with local government and the private sector, and the importance of government reforms in decentralization.
- The EU's new focus on civil society is meant to present an alternative to its traditional top-down approach and paves the way for more direct aid to local organizations in order to achieve the objectives of improved sector policy implementation, poverty reduction, private sector growth and local governance. This new approach is called "decentralized cooperation" (DC), and is based on principles of inclusion and participation of all concerned parties, greater coordination among them; delegation of administration and financial management to the lowest level possible consistent with good management, and the provision of technical assistance to reinforce institutional capacities at the local level.
- Most EC programs fall into two areas of support: to governments in carrying out decentralization aimed at establishing legitimate and effective systems of local government; and for specific local development initiatives. DC programs emphasize public-private partnerships and pilot programs, including innovative decentralized administrative mechanisms. The EU is carrying out decentralization programs in Benin, Dominican Republic, Ghana, Guinea, Haiti, Madagascar, Senegal, Uganda and Zimbabwe.

¹²¹ "ACP" stands for countries in Africa, the Caribbean, and Asia.

¹²² The Lomé Agreement with ACP countries became The Cotonou Agreement on June 23, 2000. However, the Lomé Agreement is still in force since The Cotonou Agreement has not yet been ratified by all member countries.

UNDP – Decentralized Governance Program

UNDP's efforts to promote grassroots and community-level development are centered in its Decentralized Governance Program (DGP), part of the UNDP's overall strategic objective in good governance.¹²³ DGP aims at improving participation at the community level, responsiveness of local government, equitable development, empowerment and a suitable enabling environment. While the DGP program focuses on local government, it also supports grassroots and community efforts to make citizens strong players and partners in advocating for effective and efficient local governments.

UNDP states in one of its documents:¹²⁴

While decentralization or decentralizing governance should not be seen as an end in itself, it can be a means for creating more open, responsive and effective local government and for enhancing representational systems of community-level decision making. By allowing local communities and regional entities to manage their own affairs, and through facilitating closer contact between central and local authorities, effective systems of local governance enable responses to people's needs and priorities to be heard, thereby ensuring that government interventions meet a variety of social needs. The implementation of sustainable human development strategies is therefore increasing to require decentralized, local, participatory processes to identify and address priority objectives for poverty reduction, employment creation, gender equity and environmental regeneration. For this reason, decentralizing governance is one of the priorities identified in the UNDP policy on governance.¹²⁵

UNDP/DGP's policies for decentralization are to support "powerful lower-level constituency to pressure for it,"¹²⁶ to empower the center to provide technical support to local governments, to support the provision of adequate financial and

¹²³ UNDP's DGP is summarized in the following documents:

UNDP Management Development and Governance Division, Bureau for Development Policy, Decentralized Governance Program, "Strengthening Capacity for People-centered Development" (New York: UNDP, Sept. 1977).

UN Global Forum, "Report of the Forum."

UNDP Management Development and Governance Division, "Factors to Consider in Designing Decentralized Governance Policies and Programs to Achieve Sustainable People-centered Development" (New York: UNDP, Feb. 1998).

UNDP Management Development and Governance Division, Decentralized Governance Program, "Experience to Date" (undated).

¹²⁴ Ibid. 1.

¹²⁵ Ibid. 1.

¹²⁶ UNDP Decentralized Governance Program, "Strengthening Capacity" 9.

material resources to the local level, including the search for higher local capacity to plan, manage and evaluate development programs.”¹²⁷

A second program to support local capacity is the Local Initiative Facility for the Urban Environment (LIFE), which promotes partnerships at the grassroots level among CSOs, LGs and NGOs to improve the low-income urban setting. LIFE now operates in 19 countries around the world. The UNDP/LIFE website did not have any evaluative information on this program.

Canada Stresses “Complementarity” with NGOs

In Canada's foreign policy statement in 1995, "Canada in the World," the government made a formal commitment to develop a renewed framework of cooperation between the Canadian International Development Agency (CIDA) and Canadian voluntary organizations based on the principle of complementarity. That is to say, CIDA will support those NGOs whose goals complement CIDA's development goals in that country. CIDA's budget allocations to Canadian NGOs include objectives of democratization and good governance.¹²⁸

Denmark – Local Partnerships and Consultation

Denmark places emphasis on local partnerships and consultation “both at the government level and at more decentralized levels, at the various stages of project or program preparation, implementation and evaluation. Local partners have substantial opportunities to influence strategy formulation...”¹²⁹ Twelve percent of official Danish aid was allocated to national NGOs in 1997, and that figure has probably risen. They tend to work in countries where official Danish aid (DANIDA) representation is not present.

France

France has no explicit position on support to local organizations, but like other donors, it promotes good governance aspects of “administrative capacity and local development...including support for the decentralization process.”¹³⁰ USAID and France held a meeting to discuss mutual approaches to decentralized governance in Paris in November 1999. This meeting revealed a significant degree of commonality of approach, largely rooted in pragmatism and local realities. Of more unique interest is an increasing trend by France towards what is called “decentralized cooperation,” in which French communities (including towns and larger administrative units) provide direct aid to local communities in developing countries. These programs of local assistance are

¹²⁷ Ibid. 10.

¹²⁸ USAID Development Information Services (DIS), “Canada (CIDA) and NGOs/PVOs,” memo (Jan. 2002).

¹²⁹ OECD/DAC, “Denmark: Development Cooperation Report Summary and Conclusions” online.

¹³⁰ OECD/DAC, “France: Development Cooperation Report Summary and Conclusions” online.

not entered into official ODA figures, but neither is France excluded from reporting on this assistance in the future. (France estimates the amount of such assistance as \$170 million in 1998.) However, France has not tracked this assistance, so there is no routine method of evaluating and reporting on it. France is considering measures to have its embassies report back to Paris on such activities.¹³¹

The Netherlands¹³²

The Netherlands requires that host governments invite local civil society groups to participate in policy-making and program implementation. The recipient country government is obligated to consult with all parties to produce sectoral policy documents and accompanying action plans. There is no evidence of specific mechanisms to assure the participation of civil society in program development, nor is there any specific policy statement on local organizations in development.

Norway

As is the case with all the Scandinavian countries, Norway channels a substantial portion of its development budget (24 percent in 1998) directly to its national NGOs, which have great latitude in allocating these funds in the countries targeted by Norway's official aid program for assistance. According to Norway's annual report to OECD/DAC,¹³³ its NGOs "implement their own projects with partners at grassroots level."

Sweden¹³⁴

The Swedish International Development Agency (SIDA) has increased funding directly to NGOs dramatically, from less than \$1 million in 1970 to \$125 million in 1999. About a third of SIDA's bilateral aid budget of \$400 million now goes to Swedish NGOs for humanitarian assistance, conflict prevention, human rights and democratic governance. Under a "framework co-financing" arrangement, SIDA in 1999 provided assistance to 1,500 "local partner NGOs" in developing countries through 380 Swedish NGOs.

In promotion of civil society in developing countries, SIDA aims at institutional strengthening and the creation of networks among local groups and with international NGOs.

¹³¹ Ibid. 7.

¹³² Netherlands Ministry of Foreign Affairs, "Development Organization Partnerships with NGOs/PVOs and Civil Society" from the OECD/DAC Development Cooperation Review Series, No. 24, 20-21.

¹³³ OECD/DAC, "Norway: Development Cooperation Report Summary and Conclusions" online.

¹³⁴ USAID Development Information Services (DIS), "SIDA (Sweden) Engagement with NGOs: Key Points from SIDA Policy Papers," memo (Washington: Jan. 2002).

Switzerland – Decentralization Efforts in over 60 Countries:

The Swiss Agency for Development and Cooperation (SDC) has supported a number of decentralization programs in 63 developing countries. Two recent documents by SDC officials provide details on SDC's thinking about the role of local government and organizations in development.¹³⁵

SDC defines decentralization (and devolution) as: "The transfer of certain powers and resources to legitimate local governments such as partial states, provinces, districts or municipalities who are obligated to act based on national policies."¹³⁶

With respect to local government, SDC has stated this rationale for local government:

A decentralized body in comparison to national governments....is more accessible, more sympathetic and quicker to respond to local needs. This is because local authorities are obviously more knowledgeable about a local situation than are authorities that are far away from reality at the grassroots level. As a result the necessary information to plan such programs and services is more readily available and the changes of success are consequently higher.¹³⁷

Many of the same principles can also apply to local non-governmental bodies.

Addressing the problems of excessively centralized government structures and services, the study notes: "The failure of centralized governments to perform properly at the local level affects the entire local population, including the poor, women and children."¹³⁸ Government services located closer to the target population are more visible and, therefore, more responsive to people's needs. In other words, increasing and improving support to local institutions means better government overall. The same principle applies to non-governmental local organizations. However, with successful decentralization must come increased resources available locally as well.

Another argument is that local governments are more efficient and accountable because they are serving the nearby, immediate population, who advocate for their needs and serve as a check on corruption and mismanagement. "The close

¹³⁵ Walter Kalin, "Decentralization - Why and How?" Swiss Agency for Development and Cooperation (SDC)." Kalin is Professor of International Public Law at the University of Berne. Marco Rossi, "Decentralization - Initial Experiences and Expectations of the SDC." Rossi is head of SDC's Policy and Research Office.

¹³⁶ Rossi, "Decentralization - Initial Experiences" 18.

¹³⁷ Kalin, "Decentralization - Why and How?" 50.

¹³⁸ Ibid. 48.

relationship between citizens and government at the local level fosters accountability.”¹³⁹

A further argument is that decentralized services are more cost-effective.¹⁴⁰ The reasons are varied. If local citizens are given the responsibility to manage development projects, they can do it more cheaply than if the expenditures are managed from the center. This is because the local government services, in consultation with communities, are themselves responsible for decision-making and budget control, and want to make sure they can stretch their resources as far as possible. In addition to greater efficiency and accountability, decentralization provides better local development. Citizen involvement enhances ownership of development projects, thus increasing their stake in the activity and its chances for success, but it also increases local resource mobilization in addition to what is coming from the center and from donors.

The obstacles to effective local governance are: lack of resources; lack of or overlapping powers (local governments either have too limited power or share roles and responsibilities with higher levels of government in imprecisely defined ways); lack of democratically elected local councils; lack of transparency and accountability; and excessive controls imposed from higher levels. Since local governments (LGs) are often incapable of facing such challenges, SDC emphasizes the need for a strengthening of needed local institutional capacity, accompanied by improvements in efficiency of service delivery.

SDC believes that donors should support local governments in: capacity building at the local level; assistance to the center in devolving authorities (because of frequent resistance); support to local associations of government leaders, e.g., mayors (to promote sharing of experiences and lessons learned among its members); and providing transition financing.

UK¹⁴¹ and Civil Society Orientation

The Department for International Development (DFID) conducted extensive consultations with UK and developing country CSOs in 1993 resulting in a series of findings. These include the need for longer-term engagement of DFID with developing country CSOs, development of a strategic approach, and flexible application of funding programs. It also drew attention to the advocacy nature of local NGOs stating that, “Civic organizations should mobilize grassroots support and awareness of poor people and their rights.”¹⁴² DFID agreed to “place more emphasis on civil society in policy formulation and program delivery.”¹⁴³

¹³⁹ Ibid. 49-50.

¹⁴⁰ This was found to be the case in the World Bank study cited above.

¹⁴¹ USAID Development Information Services (DIS) memo. Summary of DFID's), “Development Organization Partnerships with NGOs/PVOs and Civil Society” memo (Jan. 2002).

¹⁴² Ibid. 2.

¹⁴³ Ibid. 2.

The consultations also recommended more support to capacity building of civil society both in training and organizational efficiency as well as in helping local CSOs achieve financial sustainability. They also recommended that DFID focus its own direct efforts on helping host governments improve the enabling environment while supporting international NGOs working directly with national and local NGOs and CSOs.

Regarding the roles of central governments and the private sector in service delivery:

Respondents expressed a preference for a pluralist approach to service delivery, with providers from central and local governments and from the private and non-profit sectors. Given the economic realities of many countries, reliance solely on government provision of services is likely to increase the marginalization of the poor and socially disenfranchised. Respondents recognized that civil society service delivery has the potential to undermine, duplicate, or supplant government services. This problem could be avoided by developing funding criteria which include capacity building and the promotion of partnerships between government and non-government organizations.

Respondents argued that civil society organizations should have both direct and indirect involvement in service delivery. They felt that non-profit providers should be involved in service delivery in the following circumstances: 1) Crisis situations; 2) Where state provision is weak, ineffective, or non-existent; 3) Where it is linked to capacity building of government, private, and non-profit sectors; [and] 4) Where it demonstrates the use of innovative approaches and good practice. Participants identified the following three major areas where DFID should be involved in service delivery: 1) Providing financial and technical support for generating effective demand for services (e.g., building the poor's knowledge); 2) Supporting the interventions aimed at improving the enabling environment for delivery of essential services; [and] 3) Selective funding assistance for service provision through government or civil society organizations.¹⁴⁴

Participants in the consultative process felt that engagement between DFID and civil society could be strengthened through complementary advocacy in the influencing of multilateral agencies.

¹⁴⁴ Ibid. 3.

REFERENCES AND URLs

Information below includes donors not covered in this report, in case readers want to access them as well.

Australia (AusAID)

http://www.ausaid.gov.au/publications/pdf/strategic_plan.pdf

December 2001 Strategic Plan, mention of AusAID's plan to improve participation of stakeholders.

<http://www.ausaid.gov.au/publications/pubs.cfm?Type=PubEvaluationReports>

See evaluation studies on local community development projects.

<http://www.ausaid.gov.au/publications/pubs.cfm?Type=PubNGOs>

For data on level of AusAID assistance to local NGOs.

Canada (CIDA)

Canadian Partnership Branch Web Site

<http://w3.acdi-cida.gc.ca/canada-e.htm>

CIDA's Partner Web Site

<http://www.acdi->

[cida.gc.ca/cida_ind.nsf/19510c0d61babe7c852565a0004c35b2/91096ff1d391f9fc852564d600546ec7?OpenDocument](http://www.acdi-cida.gc.ca/cida_ind.nsf/19510c0d61babe7c852565a0004c35b2/91096ff1d391f9fc852564d600546ec7?OpenDocument)

"Canada in the World" Canadian Foreign Policy Review. 1997

<http://www.dfait-maeci.gc.ca/english/foreignp/cnd-world/menu.htm>

"Canadian Voluntary Organizations and CIDA: Framework for a Renewed Relationship." 1996

URL is: <http://w3.acdi->

[cida.gc.ca/cida_ind.nsf/8949395286e4d3a58525641300568be1/176c302c0e4cf479852563ff0060b54b?OpenDocument](http://w3.acdi-cida.gc.ca/cida_ind.nsf/8949395286e4d3a58525641300568be1/176c302c0e4cf479852563ff0060b54b?OpenDocument)

"Canadian Partnership Branch Annual Achievement Report for 2000-2001" (PDF file)

<http://w3.acdi->

[cida.gc.ca/cida_ind.nsf/c868c8f732a05e34852565a20067581f/98126a69ee18b3e58525697e004816a3/\\$FILE/finalanglais00-01.pdf](http://w3.acdi-cida.gc.ca/cida_ind.nsf/c868c8f732a05e34852565a20067581f/98126a69ee18b3e58525697e004816a3/$FILE/finalanglais00-01.pdf)

DAC 1998 Peer Review of Canada (PDF file) see pp. 50-54

"NGO Project Facility Guide" (PDF file)

http://w3.acdi-cida.gc.ca/cida_ind.nsf/vLUallDocByIDEn/63AD6E5CDB2248EE85256A2A00741E75?OpenDocument

Germany

GTZ:

<http://www.gtz.de/participation/english/c01.htm>

GTZ is the technical arm of the German aid program. Contact the listed contact for more details.

<http://www.gtz.de/participation/english/c04.htm>

See various publications on participation.

Japan

US - Japan Common Agenda:

<http://www.interaction.org/us-japan/>

The Common Agenda is a relationship between the US and Japan and their civil society organizations (CSOs). See the reports for more information on how the Common Agenda is helping to build local CSOs.

JICA (Japan International Cooperation Agency):

<http://www.jica.go.jp/english/activities/schemes/11com.html>

JICA is the technical arm of the Japanese assistance program. See link for JICA's Community Empowerment Program.

MOFA (Ministry of Foreign Affairs):

<http://www.mofa.go.jp/policy/oda/category/ngo/index.html>

See MOFA's page on NGO activities (though the page is dated 1997).

The Netherlands

Development Assistance Committee (DAC). "Development Co-Operation Review of the Netherlands: Summary and Conclusions." November 14, 2000.

<http://www.oecd.org/dac/htm/ar-ne.html>

Netherlands Ministry of Foreign Affairs (MOFA), Development Cooperation Sectoral Approach Support Group. June 2000. *The Sectoral Approach*. The Hague.

Organization for Economic Co-Operation and Development (OECD) Development Assistance Committee (DAC). 1997. *The Netherlands*. Development Co-Operation Review Series No. 24. Paris, France.

OECD/DAC

<http://webnet1.oecd.org/oecd/pages/home/displaygeneral/0,3380,EN-home-notheme-2-no-no-no,00.html>

Also, the OECD's homepage of the DAC Working Group on Evaluation:

<http://www1.oecd.org/dac/Evaluation/index.htm>

for reports and publications on evaluations of donors' work with NGOs and capacity building.

UNDP

http://www.ciesin.org/decentralization/English/General/UNDP_dgp.html

Decentralized Governance Program (DGP)

<http://www.undp.org/csopp/CSO/>

See also the UNDP's Civil Society Organizations and Participation Programme.

World Bank

<http://www.worldbank.org>

IV. OVERCOMING LIMITATIONS: Strengthening Local Organizations

SUMMARY OF SIGNIFICANCE FOR PROGRAMS

There are four main policy points in this section:

- 1) In order to work with local organizations a thorough diagnosis of the capacity of the organizations, plus their networks, needs to be done;
- 2) Programs planning on working with local organizations need to be prepared to invest in organizational strengthening;
- 3) Even though local organizations may exist prior to the donor's arrival, and even though the donor may decide only to work with experienced local organizations, the fact is that the number of experienced organizations able to expand to use the funding available is small; and
- 4) When decentralization transfers new responsibilities to local government or local government is elected for the first time, then the same NGO diagnostic and strengthening tasks need to be considered and are exacerbated because of elected office turnover.

The fact that donors announce or show interest in working with NGOs, or governments announce new policies to work with NGOs, stimulates the formation of masses of inexperienced organizations even though their founders may have years of professional experience.

Local NGOs are the basic building blocks for aggregating the interests of the individuals of society into an orderly pluralism that can interact with local government. For its part the local government organization must be up to the task of responding to pluralism and structure itself to interact with the NGOs so that, as a whole, civil society and government can work toward the collective priorities in a manner that maintains their legitimacy. Without these crucial local building blocks, a decentralized democratic society cannot function. Instead, the traditional, particularistic extension of the centralized state continues and with this continuation comes the ferment of discontent, questioning of the legitimacy of those who rule, and all of the economic, social and political inefficiencies associated with it. There is no doubt as to the importance of local organizations in development terms.

The 1984 policy paper described four commonly cited limitations of local organizations:

- 1) The resistance local organizations may generate from other elements of society;
- 2) The possibility that local organizations will become subordinated to other more powerful agencies;
- 3) The presence of socioeconomic and political cleavages within local organizations; and
- 4) The likelihood that some local organizations will prove ineffective at accomplishing important development tasks.

In addition to these four limitations there are also the following:

- 1) Limited ability of local organizations to expand administratively to manage the larger programs that donors are able to fund;
- 2) Limited human resources to identify, attract and replicate technical staff; and
- 3) Limited ability to provide or generate matching funds.

Because of the diversity of country contexts, these limitations have been found in some of the countries but they do not apply universally to all country contexts. In order to achieve goals associated with concepts such as decentralization, civil society, social capital and conflict prevention it is necessary to have strong, flourishing organizations linked with each other forming the structure of their community.

Fortunately, during the last 20 years of work with local organizations, the state of the art of diagnosis and organizational strengthening has advanced. USAID has funded and accumulated enough experience, so that programs dependent upon the level of social capital, and with a goal of building social capital, can be realistically pursued.

Importance of Local Organizations

In most countries where USAID works, the number of existing organizations is limited, there are relatively few capable organizations, and, for those countries at the lowest level of social and economic development and high rates of poverty, the number of local organizations is even less. The most compelling reason for donor support to create stronger local organizations and their networks is that, without them, developing countries have no chance of reaching those members of the population and isolated geographic areas. Section II describes the various roles local organizations play. Nevertheless, the case abstracts in this section show that countries have a tremendous capacity to respond to policy and funding initiatives by forming local organizations to solve local problems, but the same data shows a very significant need for organizational strengthening.

In general, when a new policy of decentralization and devolution of authorities to lower levels is announced – along with the downsizing of government bureaucracy and democratic openings which provide the “space” for NGOs –

there is a boom in incipient organizations. At the same time, existing organizations, some of which may have advocated in favor of these policy changes come forward to play new or expanded roles. These organizations are comprised of people with good intentions¹⁴⁵ and professional skills, but varying levels of previous managerial experience. Thus, the policy assumption should be that there may be a significant need for organizational strengthening.

In the operational section of this review we describe four key concepts for assessing organizations as well as methods for their diagnosis. A policy towards local organizations, be they governmental or non-governmental, should provide for the concepts and the diagnosis. Since the concepts are related to the social capital theme through out this review they are listed below:

Diagnostic Tools:

- 1) Discussion-Oriented Strategic Analysis (DOSA);
- 2) Organizational Capacity Assessment (OCA); and
- 3) Performance Improvement Assessment (that subsumes the prior two tools among others).

Four Key Concepts for Assessing Organizations

For the success of USAID programs working with local organizations, it is important to assess key structural dimensions to assure that they are capable of carrying out the program or to determine the strengthening needs to prepare them for carrying out the task. The DOSA (Discussion Oriented Strategic Analysis) and OCA (Organizational Capacity Assessment) are two useful tools for assessing organizations. Their methodology fits the "performance improvement" approach recommended. However, before losing oneself in the details of the indicators, it is important to understand the four dimensions that are common to organizations and also to communities: linkages; differentiation; pluralism; and solidarity.

¹⁴⁵ In general, the level of corruption in local private organizations is low and manageable. cf., Richard Holloway, "Maintaining the High Moral Ground," VIII International Anti-Corruption Conference (Lima: Sept. 1997) and Kris Merschrod, "Coming Down From the High Moral Ground: Confronting Reality: Types of NGO Corruption, Their Causes and Solutions," VIII International Anti-Corruption Conference (Lima: Sept. 1997). Both sources are available online at www.respondanet.com, Americas' Accountability/Anti-Corruption Project in the "NGOs and Corruption" section.

Linkages¹⁴⁶

There are a number of formal and informal contacts that are maintained with other organizations, be they non-profit, for-profit or governmental. Understanding this network helps to assess the organization's potential to mobilize resources as well as work in coalition toward common goals. Organizational networks to facilitate these linkages have been the focus of many USAID programs, for example, local agricultural committees, chambers of commerce, national environmental committees, working groups, participatory planning programs and mayoral associations. The partnership programs – city-to-city, university-to-university, and multi-sector partnerships – are other types of efforts that facilitate linkages.

Aside from the empirical evidence of the importance of linkages for development and social change, there is considerable research evidence from diverse schools: 1) “central place” theory¹⁴⁷ (often used in economic corridor programs); 2) symbolic structural perspective (hierarchies of communities and cities); and 3) business applications for the location of branches of banks, malls, consolidated high schools or social investment fund regional offices.

The importance from these empirical and theoretical uses of the linkages concept can be summarized from the social capital literature where it is stated that the efficiency and utility of social capital increase with the number of linkages among organizations.

It is intuitively clear that this same principle applies to hierarchies of communities and nations. For example, isolated communities – be it for reasons of culture, poor infrastructure (i.e., roads, electric or telephone grids), or absence of central government local administration or branches of corporations – have less opportunity to maximize their potential.

The same principle also applies to the relations among individuals within organizations. The more channels for information flow, discussion and decision

¹⁴⁶ This structural dimension has been used by Eberts and Young since the 1960s and by Galpin, Loesh and Cristallar in the early decades of the 1900s. Coleman (1988) refers to social capital as existing in the relations between people within organizations and then Putnam (1995 & 1997) uses the term in reference to networks of organizations.

¹⁴⁷ “Central place” theory began in Europe during the late 1800s and was further developed in the US during the early 1900s. It is the study of the geographic distribution of population, services and business. The distribution and hierarchy of market towns provides a guide to the placement of investment or development efforts. It is a very practical perspective, e.g., centralized high school districts were planned this way in the US as were improved market towns in India.

making among individuals, the more efficient the organization. This is behind the 1990s concept of the “intra-netted organization.”¹⁴⁸

Differentiation¹⁴⁹

Many programs work with organizations that are specialized with a few skills and other programs require organizations with diverse skills in order to achieve their intended results. An example of the former might be a highly focused program for vaccination requiring only para-professionals or nurses to carry out a campaign of injections. An example of the latter requires organizations with health, agricultural and veterinary services to achieve the desired results. Aside from the technical/professional division of labor within the organization, there are the administrative capabilities – skilled accounting and secretarial – to keep the records and make reports. There are member organizations as well as trustee organizations. The multiplicity of individual skills in an organization defines the differentiation of the organization. Often this aspect is overlooked and the ability of the organization to interact with the donor program is limited.

At a more macro level, there is a high, positive correlation between the level of differentiation of a society and its level of social and economic development. Many USAID programs foment differentiation by means of support to higher education and technical schools, exchanges for advanced degrees or exchanges of personnel between countries. If an organization, or a country does not have the capacity (level of differentiation) to interact with other countries, the number of linkages that it can sustain will be limited. The same principle applies to organizations.

Although this concept is usually applied to describe the political state of nations or communities, it is also a structural concept of local organizations. Pluralism in an organization means the degree to which it can process a diverse variety of ideas, incorporate them into its own vision, mission or approach, and make use of the diversity. This is opposed to rejecting ideas or stifling the generation of new ideas or approaches to problem solving or achieving results.

Many USAID programs attempting to work with local organizations encounter the fact that USAID’s ideas or strategies are not welcomed or even considered by local organizations because, at first glance, they have narrow or preconceived ideas that are not congruent with the program. It is not uncommon for organizations to enter into agreements only to discover that the membership of the organization is not able to discuss and incorporate new approaches or goals. It is not that the organization does not agree with the program; it is that the organization is not capable of entertaining, analyzing and deciding if the proposed changes will be productive. Thus, it is not enough to be able to answer the “yes” or “no” question of whether the organization will work with the donor-

¹⁴⁸ Jennifer Stone, *The 21st Century INTRANET* (Princeton: Prentice Hall, 1997) 57-100.

¹⁴⁹ Eberts (1971b); Young and Young (1962).

sponsored program. It is also important to know if the organization is willing and able to entertain a diversity of new ideas. If local organizations are not able to resolve internal differences and accommodate them, they may not be able to continue in the long run and perpetuate the program. For example, some environmental organizations are absolutely preservationist and will not engage in sustainable use strategies; some maternal/infant care organizations will not engage in family planning programs. Operating Unit personnel who do not understand the potential organizations from this perspective may not only waste resources, but also destroy organizations by creating conflicts.

Solidarity

The fourth structural characteristic describes the strength of the organizations to carry out activities or pursue goals. It is not the technical capability (that is the differentiation variable), but it is the “will” or commitment of the organization to mobilize its resources in order to achieve planned results. The strength of this solidarity depends upon all of the members’ understanding of the mission and sharing the same ideals and values. Although the solidarity of an organization is usually assessed by reviewing its previous activities and accomplishments, its inner strength is assessed through the commonly shared values and understanding of the purpose. It is also by the extent to which each member realizes his or her role in accomplishing the goal or contributing to the shared vision.

In summary, the ideal organization is one that: has the technical capability (level of differentiation) to carry out the program; has shown that it can mobilize itself and carry out planned goals (solidarity); has the ability to consider diverse goals and decide among them (pluralism); and has a network (linkages) so that it can interact with and impact upon a diversity of other organizations so that its “social capital,” which is an umbrella concept including all of these dimensions, will be more efficient.

It is sometimes possible to find an array of organizations meeting “all of the above,” but then again, it is common to find organizations that would be willing partners yet do not have “all of the above.” Research¹⁵⁰ on local organizations shows that a situation of social, economic and policy change, plus opportunities for donor support, generates many new local organizations and the challenge is to incorporate this dynamic sector. Support programs must work on these structural dimensions for selected groups of organizations in order to assure expected program results and leave behind capable organizations once donor support is terminated.

¹⁵⁰ See the four country cases (Costa Rica, Peru, Indonesia and Bolivia) cited as “Examples of Local Organization Responses to Policy and Funding Opportunities” under Abstracts later in this chapter.

In conclusion, as a means of identifying local organizations for inclusion in USAID programs, officers should check their findings against these variables when considering program needs and the potential for use of local organizations as partners.

Fortunately, there are established organizational assessment tools (described in the next section of this chapter) that measure all of these variables.

Management Style

Another general or abstract way to envision the general development of society and organizations is from the style of management. Leadership is a reflection of the cultural influence. If a society is organized along rigid, top-down lines, the leadership and structure of local organizations will reflect similar top-down lines. Just as the struggle is to foment more participatory and decentralized societies, so, too, it is the organizational-development task to increase the participation of staff in management and to delegate responsibility while maintaining the solidarity of the organization.

In the context of many, relatively new organizations and the frequent programmatic need of USAID Operating Units to engage these organizations and expand their capacity, the style and capacity of leadership to manage larger and more diverse staffs are directly relevant to program results. The absorptive capacity of local organizations has been a constant theme. At the same time, an organizational development challenge has been how to maintain the cohesiveness or solidarity of the organization as it expands and new personnel come on board.

Mechanical Leadership Style and Organizational Structure

Leadership style can be envisioned from one end of a continuum marked by what is typically found in small, new organizations – a leader and followers. The leadership can be quite mechanical; the leader has hired members to carry out specific tasks and they follow the instructions. This mechanical-type leadership is quite common in traditional societies in all types of organizations – for-profit, government, church and the NGO sector. The style of this type of leadership reflects the local culture and is the basis for its legitimacy. With this type of management style comes a structure that is vertical and may be very shallow in the sense that the organizational diagram may not have many layers.

The rapid expansion of this type of organization typically leads to overloaded leaders and more and more layers in their structure. Delegation of responsibility and authority is one of the most difficult stylistic changes to bring about in a

rapidly expanded organization because trust has not been developed. Note that most societies in which USAID manages programs are “low-trust” societies.¹⁵¹

If this conceptual framework of four structural dimensions and the mechanical-organic continuum are kept in mind, the details of the following assessment tools will be more cohesive.

Diagnosis and Performance Improvement

The task under these circumstances is to assess the capacity of the (local) organization and recommend measures to strengthen it. It is important that the tools identified below be used from a perspective of “Performance Improvement,”¹⁵² that is, an analysis of how the organization is working as a whole to achieve its mission. “Performance improvement” is the “next generation” of approaches to capacity building, from identifying training gaps, to reinforcing overall capacity of the organization, to looking at how the unit is doing with respect to achieving its expected purpose and producing concrete results. Performance improvement techniques bring to the organization a comprehensive assessment of how the organization is functioning overall. It requires the participation of all levels of the organization.

It is still commonplace for organizations to fall into the “training trap,” in which the weaker components of the operation are identified, e.g., accounting procedures and technical training is provided to those elements of the organization that are deficient. The assumption of the “training approach” is that the organization’s overall structure and ways of doing business will be automatically improved.

REFERENCES AND ABSTRACTS

Four Cases: Examples of Local Organizational Response to Policy and Funding Opportunities

A few country studies from USAID programs with local organizations illustrate the potential for local organizations’ expansion and also show the importance of organizational strengthening.

¹⁵¹ Francis Fukuyama, *Trust: the Social Virtues and the Creation of Prosperity* (New York: The Free Press, 1995). Also note that trust is one of the important aspects of social capital described by Coleman and Putnam.

¹⁵² Andrew Gilboy, and John Gillies, “Taking Performance Improvement from North America to the Field: Lessons Learned from Guatemala and Senegal – a Pilot Activity sponsored by the Leveraging Local Capacity and Linkages Program (LOCAL)” LOCAL Program, Center for Human Capacity Development, USAID Global Bureau (Oct. 2001).

COSTA RICA¹⁵³

During the mid-1980s, Costa Rica's NGO sector expanded rapidly as a result of the economic crisis of 1981-82.¹⁵⁴ The government laid off public sector service and enterprise personnel and the devaluation of the national currency reduced real purchasing power of public employees by 50 percent within one year. The international donor community expanded rapidly in Costa Rica to help maintain political stability in what had been the longest standing and only democracy in the region. A great deal of the assistance went to the NGO sector, which had been small because the Government of Costa Rica had traditionally been a good provider of public services – health, credit to cooperatives, agricultural extension, telephones, electricity and roads. Professionals from the government sector started non-profits and existing organizations expanded to support micro-enterprise development training and credit programs in both the urban and rural areas. Costa Rica had a great capacity to expand the non-profit sector because of the highly educated and large professional population dedicated to development and social service work. Some of the support work for the expanding sector was in the area of management training, especially fundraising.

Quantitative data on the expansion of NGOs in Costa Rica during that period is not available. However, NGOs prior to the crisis were predominantly benevolent or charitable types such as homes for orphans, alcohol-abuse rehabilitation, and hospital auxiliaries (important organizations for civil society). There was a system of community development organizations that received central government transfers for community improvement projects; they were part of the political system. Costa Rica also had an extensive array of cooperatives of all kinds, but at that time there were few non-profit organizations promoting production and employment generation. From 1984 to 1990, USAID funded¹⁵⁵ a partnership program that funded 42 local organizations. It was this type of organization that expanded rapidly and was the focus of international assistance, but because of the need to expand (in terms of funds managed per organization as well as the number of local organizations in the sector), the program had an organizational strengthening component.

PERU

In the late 1980s the political, military and economic crisis was followed by a radical change in government, first through the electoral process and then with the temporary abolition of Congress. This change was accompanied by the

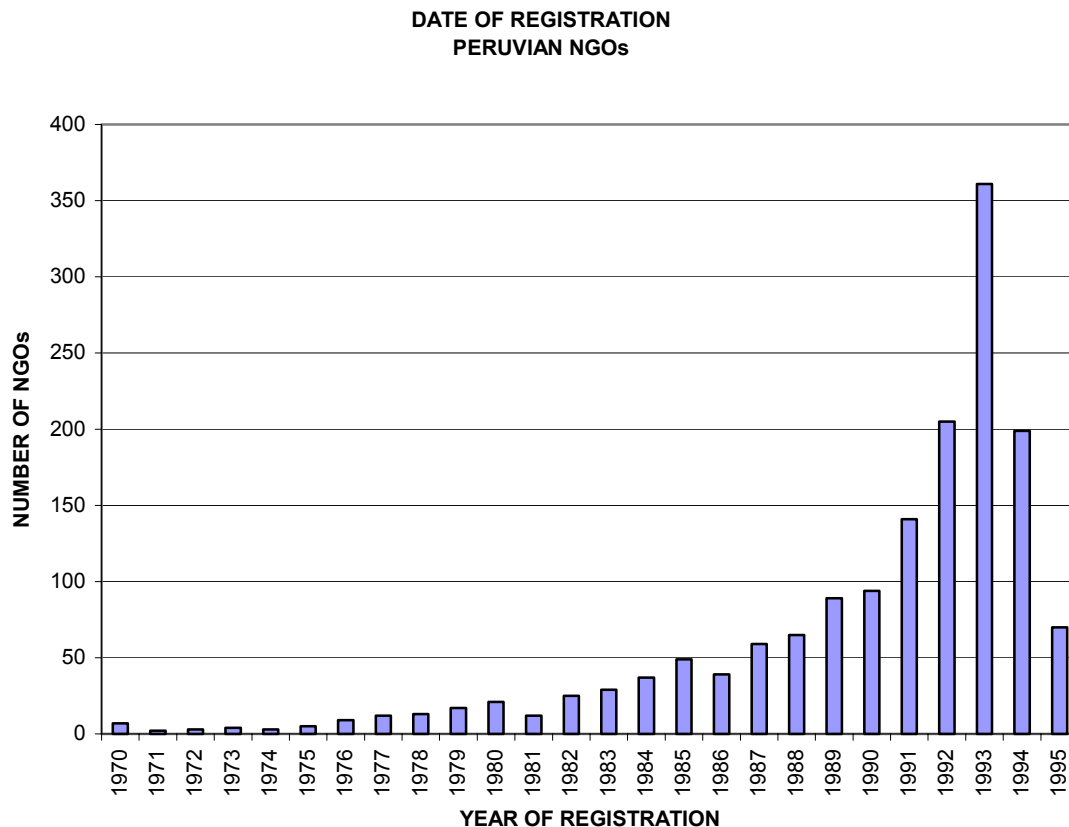
¹⁵³ Pietro, Sist, and Merschrod, "Trends in PVO Partnership." and Kris Merschrod, "ACORDE – Ten Years Later: A Decade of Organizational Evolution," CARE Conference on the Formation and Strengthening of Organizations (Guanacaste, Costa Rica: Jun. 1998).

¹⁵⁴ The Contra War in Central America closed down the Central American market and recession in the US reduced demand for some products.

¹⁵⁵ PVO Support Project (OPG with PACT).

privatization of state enterprises, layoffs of government employees in the service sector and a massive build-up of the government social investment fund that was sponsored in part by privatization funds and by generous foreign assistance. International and private funds were pledged because per capita income estimates, malnutrition and infant mortality rates indicated that Peru had dropped below Bolivia and was at the level of Honduras and Haiti.

Since the international donors were keen on the possibility of efforts through NGOs, and because the mode was a reduction in government services in 1992, it was rumored that social investment funds (FONCODES) would be channeled through NGOs. In fact, a pilot program (PREDES) with European Economic Community funds and NGOs was started in the Department of Cuzco, which gave impetus to the rumor. In the following graph we see the exponential growth of the NGO sector after 1991.



Data from the non-profit sector¹⁵⁶ (approximately 2,000 organizations) indicated that by 1995 these organizations had programs in more of the remote poverty districts than did the government social investment fund. In addition, the non-

¹⁵⁶ Costa Rica, Ministry of the Presidency, Office of Technical Cooperation (SECTI), Pact Survey of NGOs (1996).
Merschrod, "The Evolution of the Geographic Focus."

profit sector also channeled more funds for this purpose than did the government. Both the government and the non-profit sector made heroic efforts to rebuild and relieve the poverty-struck population during the 1990s but what was impressive and, to the point of this review, is that the non-profit sector was able to expand to such an extent to respond to the poverty crisis. Again, as in Costa Rica, the population of professionals willing and able to work in the non-profit sector was important. In the case of Peru, however, the managerial skills of the non-profit sector needed improvement, but they had the ability and interest to learn and implement modern management systems.¹⁵⁷ The surge in formation beginning in 1992 was a clear sector response to policy and funding opportunities. Approximately 50 percent of the organizations in existence in 1997 were formed during this period and, thus, had less than five years of experience.¹⁵⁸

INDONESIA

By 1995 donor funding available for NGOs in Indonesia was minimal due to the poor image international donors had of Indonesia as a result of the widespread corruption and because the country was in relatively good economic condition. Although some PVOs were successfully funded, e.g., Pact's HIV/AIDS and street children programs, some large PVOs were planning to leave, e.g., CARE, because of the scarce funding.

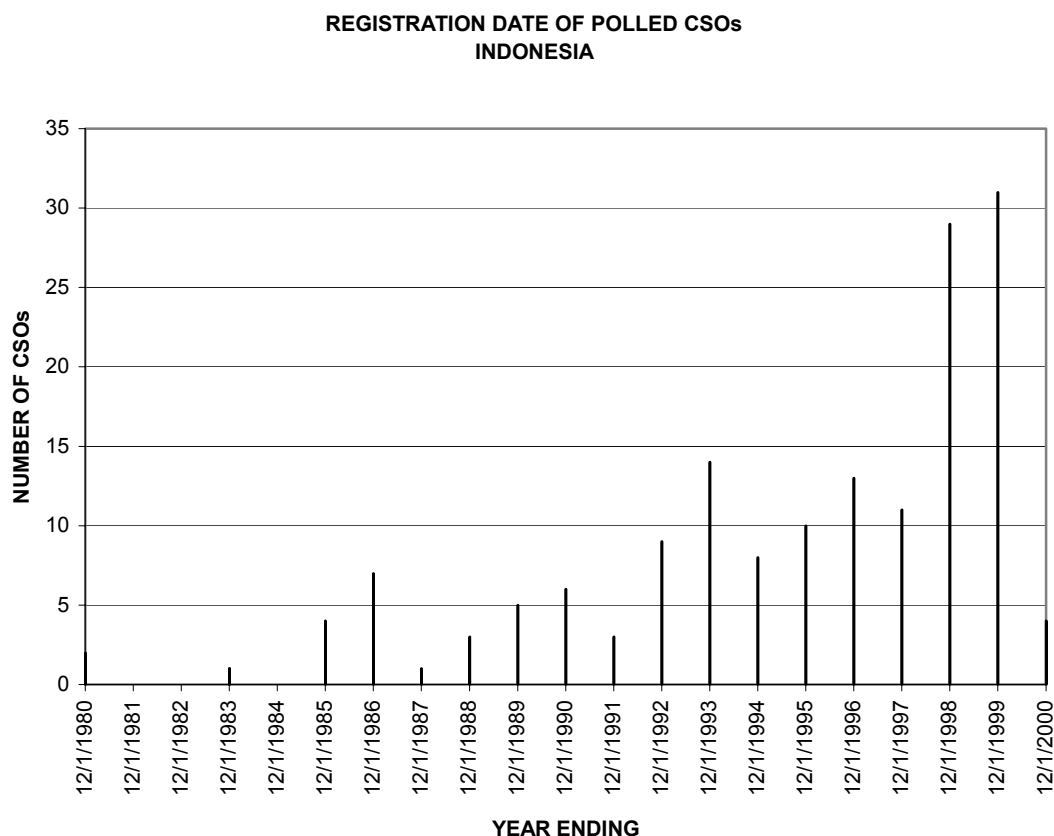
The Asian economic crisis hit Indonesia in June 1997 bringing massive unemployment and a rapid decline in purchasing power due to the devaluation of the national currency. The international donor response was flowing by early 1998 in anticipation of the elections as well as in response to the extreme decline in the standard of living as had been the case in Costa Rica and Peru.

Indonesia's economic crisis was immediately followed by a major political shift when, due to the economic crisis, the long-standing dictatorship of Suharto ended. Suharto resigned and passed the government to Vice President B. J. Habibie who began the transition period as president until the election of Wahid in 1998. One of the characteristics of the Suharto era was the tight control of NGOs and the government-related NGOs (Yayasan) that had been used for corrupt practices with international and local government funds.

The following graph presents a burst of NGO formation in Indonesia that illustrates the point of local organizational growth in response to policy and funding opportunities. Note that approximately 60 percent of the NGOs registered were formed during this period.

¹⁵⁷ Merschrod, "The Impact of Training on NGO Management Practices."

¹⁵⁸ The USAID PVO Support Project of 1993-2000 was focused on the organizational strengthening of 250 of these types of organizations.



BOLIVIA

In Bolivia one of USAID's strategies is to work with farmer associations and businesses to develop alternatives to the production of coca leaves in the Chapare Valley.¹⁵⁹ Thus local, for-profit farmer producer associations are the focus of this program in an area where traditionally there have not been farmer producer associations *per se*, but instead *sindicatos* that were organizations formed since the 1950s for the purpose of land settlement. Their activity as settlement organizations peaked in the 1980s after the *El Niño* crisis of 1980 to 1983 and the closing of the mines in 1985. Thus, there was considerable farmer organizing for land settlement prior to the beginning of the alternative development phase, but they were not production- and marketing-oriented efforts in the same way as the alternative development effort. The older type of farmer organizations (*sindicatos*) were more politically oriented to pressure the government for services and now also defend the coca leaf producer interests.

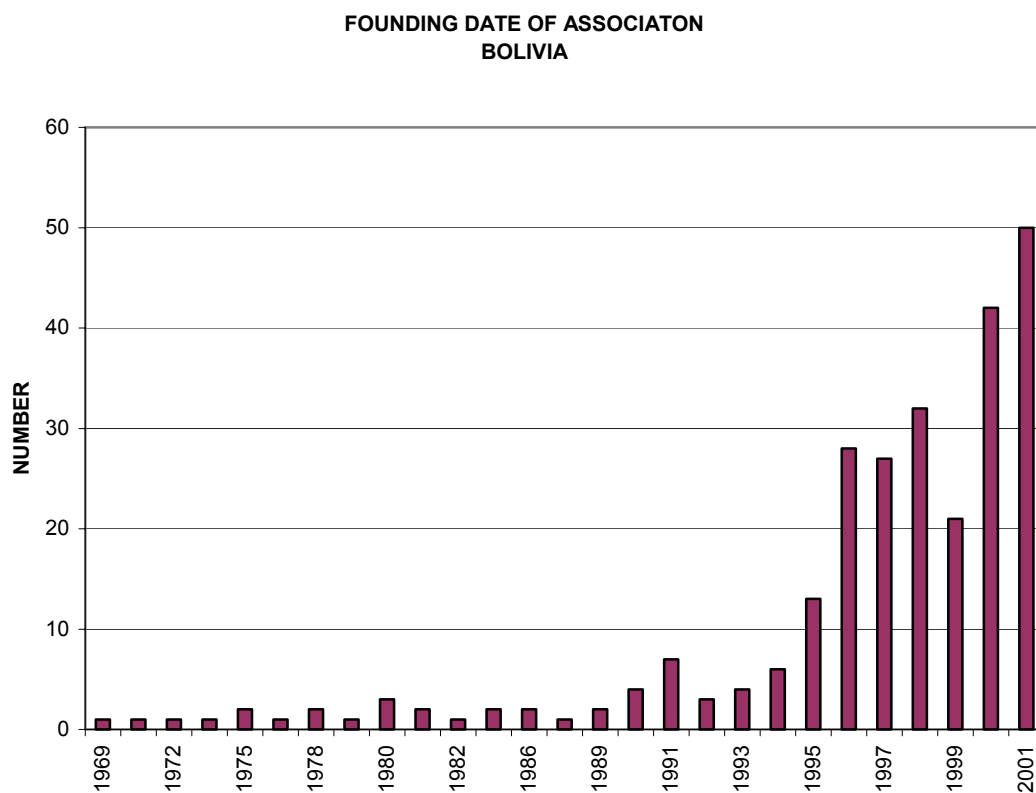
The USAID program required, with few exceptions, that producer associations be formed in order to receive grants for production diversification projects.¹⁶⁰ This

¹⁵⁹ Alternatives to and eradication of coca have been the focus of USAID programs in the Chapare Valley for approximately 20 years.

¹⁶⁰ They also had to certify that they were not coca leaf producers.

emphasis on forming associations began in 1996. Like Indonesia and Peru, Bolivia experienced a similar pattern in the surge of many new organizations. Moreover, in late 1998 and most of 1999 there was a hiatus in the alternative development program that fueled the public perception that the program might not continue. Note the drop in the number of associations formed in 1999; this shows just how sensitive the formation of local organizations is to policy changes or funding opportunities.

The expansion of the program's impact depends upon the existing and new local organizations¹⁶¹ and, as in the cases of Indonesia and Peru, a similar pattern is shown in the following graph.



The graph shows that about 55 percent of the farmer associations in the project area were formed during the last four years. Thus, organizational strengthening is a concurrent need and a key to the success of this kind of production program.

¹⁶¹ DAI/CONCADE does a quarterly census of associations in the Chapare. The July 2001 database of all 265 associations (grant-related and non-grant-related) was accessed with the assistance of Eduardo Alfaro of the Organizational Development Unit.

Cernea¹⁶² notes four weaknesses that typically occur in local organizations and these are the basis for programs to strengthening them. Although he was commenting on experience with NGOs, experiences¹⁶³ with local government indicate similar needs:

- 1) It is difficult to expand the staff to cover larger areas due to the scarcity of management and administrative skills and maintain high levels of motivation.
- 2) It is difficult to make the activities self-supporting, that is, paid for by the users and thus depend upon donors and/or central government transfers.
- 3) The technical capacity is limited to undertake the studies required resulting in poor project design.
- 4) Due to the individualized nature of project initiatives, they do not add up to comprehensive regional or national programs.

In the context of locally elected governments¹⁶⁴ it is even more complicated because the democratic process changes the key actors periodically and newly-elected officers may or may not have the necessary management skills. Furthermore, for political reasons they may change the priorities, as well as trained personnel, if only because the previous individual was affiliated with particular projects. These factors intensify the challenge of building strong local public organizations compared to the chore of strengthening local NGOs. (The section on social capital reported an example of positive cost-benefit ratios for organizational development investments. The referenced cases involved farmer irrigation management organizations and NGOs as project managers.)

As with most development literature, the cultural context is diverse, and what produces positive results in one context will not have similar results in another. Gilboy, in a review of African organizational strengthening programs, notes: "The results obtained from significant training investments have been disappointing in recent years in terms of organizational performance improvement targets."¹⁶⁵ Gilboy lists two major observations:¹⁶⁶

¹⁶² Michael Cernea, "Non-Governmental Organizations and Local Development" World Bank Discussion Paper No. 40 (Washington: World Bank, 1988).

¹⁶³ Virtually all of the USAID RFAs that have led to local government programs identify analogous needs: skills (accounting, engineering); staff motivation; revenue generation; inability to plan and implement infrastructure; transparency; and participation.

¹⁶⁴ Cases are presented in the "Decentralization and Local Organizations" section.

¹⁶⁵ Andrew Gilboy, "Why Training Has Not Produced the Desired Results – *and what to do about it*" (Washington, DC: Associates for Global Change, Aug. 2001) 1.

¹⁶⁶ Gilboy, "Training," 1-2.

- 1) "Despite investments in all of these types of training – short- and long-term, in-country as well as U.S. and Third Country, management-focused and "technical" (i.e., sector specialized) – there are too few examples of organizations benefiting from USAID-funded support making measurable improvements in their performance."
- 2) "A[n Operating Unit's] SO Team members set budgets for training early on in the cycle of an "intervention" and linked the outcome to an Intermediate Result. Sometimes an implementing partner includes training in a proposed budget ideally with a link to a specified result. At this early stage, however, neither partner is focused on the type of training, or in some cases, even the training objective. When the moment finally arrives to 'do the training,' managers focus on *delivering the input* and anticipating the result. They presume that training is needed since it has already been set aside in the budgets, contracts or agreements."

These statements are followed by seven detailed reasons for the less-than-expected outcomes:¹⁶⁷

- 1) "The training wish-list." 'Training needs assessments' are often no more than inventories of training designed or proposed by an organization's employees. Typically there is no link to the changes that might lead to improvements in an organization's output. The analysis, if any, focuses on an inventory of needed skills and the capacity of existing staff to be trained.
- 2) "Training as donor-driven." Since training has already been budgeted, managers assume that it should be implemented. They may also conclude that a proper assessment was performed and stakeholder input obtained. These assumptions might be held by USAID SO team members, newly-arrived SO team leaders unaware of the details of previous planning and budgets, or USAID institutional partners pressured to implement activities. Local partners anxious to participate may *jump on the training train* as well and affirm that all the necessary diagnostics have been completed.
- 3) "Training as supply-driven." Many U.S. universities, NGOs and for-profit training providers and local institutions have developed over the years considerable capacity to train professionals from developing countries, even in languages other than English. Some institutions have created semi-independent institutes that focus on special sectors (education, natural resources management, micro-

¹⁶⁷ Gilboy, "Training," 2-4.

enterprise credit, etc.), countries and regions, and languages (e.g., French, Spanish, Arabic). They market their programs, often aggressively. Training types include short-term programs tailored to a particular USAID activity, off-the-shelf courses of various types and various combinations such as customized off-the-shelf workshops responding to the needs of participants in certain countries, regions or sectors. Some U.S. training is designed for U.S. consumption but open to USAID-funded participants, whereas others target overseas professionals entirely. Occasionally U.S. training includes an in-country organizational analysis and participant assessment, but most training providers limit their involvement to *dispensing the workshop* as publicized in their brochures, emails and websites.

- 4) "Training distributed as a benefit." Who would deny that highly motivated and gifted individuals in developing countries need training and exposure to progress in their fields? Therefore, distributing the opportunities to the most deserving individuals fits neatly into this development paradigm. Following this logic some experienced USAID officials want to spread the benefits of training to the largest number of individuals. In-country training will take precedence in this system view since it can affect the greatest number of people. Long-term training dissolves in comparison – one can train scores of experienced accountants in financial management and audit techniques to combat fraud for the price of one Masters Degree in Finance. Viewing training as a benefit – either long- or short-term, emphasizes individual needs, fails to link intervention to either strategic objectives, results or to organizational performance change, and can lead to serious application problems, such as high non-return rates or thinly dispersed and immeasurable impact, to name but two.
- 5) "Training to win friends." Many USAID SO team members, training managers at partner institutions and even high-level U.S. Mission officials view training as a 'good thing' to offer counterparts and local professionals. For example, they often point to the ease with which they can communicate with U.S. educated high-level officials in-country as a demonstration of the impact obtained from long-term academic training. (In this view, it appears that the impact is more on improving American capacity to work effectively in that country?) In the same vain, adherents to the "winning friends and influencing people" camp cite the unquantifiable benefits of exposing key people to the United States. This view of training *restricts impact to the individual level* and encourages "Best and Brightest" thinking.

- 6) "Training to 'build capacity.'" Doesn't training "strengthen institutions" and shouldn't we support "critical mass" skill-building, which everyone knows is needed in Africa and Latin America? The answer to this question is surprisingly "no". Training in an institution does not "build capacity" unless trainees apply their skills and knowledge, engage themselves and peers in workplace behavior changes, and are supported during the entire process by supervisors and leaders, and quite often, more training! *The development cemetery is packed with defunct institutions* that received massive amounts of training of all types, all expected to contribute significantly to improvements in particular sectors, such as agricultural research, health systems and education. *The fact that they did not survive does not diminish the importance of training as an organizational solution option. Rather, it forces us to focus on the way we have planned, designed and managed training.*
- 7) "Training as a quick fix." International development managers are not alone in looking to training for rapid improvements in an organization's output. Performance consultants working with U.S. corporations fight continually to convince decision-makers to invest in up-front analysis (that can, of course, save huge amounts by avoiding paying for unneeded training), allow time for adults to learn and apply their new skills and knowledge, and provide for follow-up. Most USAID professionals (and contracting officers) understand the critical role that can be played by follow-up but are quick to delete it from budgets when under pressure. *Organizational change takes time.* It can be induced by appropriate training linked to analyses of performance gaps and causes and sustained through post-training support. Organizational performance improvements are sustained over time, despite the appearance of some immediate results due to training."

The proposed solution to these errors is to focus, instead, on doing an organizational assessment of performance and the organization of human resources to achieve the stated performance goals of the organization using "performance improvement methodology."

V. SUMMARY OF FINDINGS AND LESSONS LEARNED

1. “Local organizations” applies to any private or public group, both formal and informal, elected or not, that exists at the sub-national level,¹⁶⁸ and does not, generally, refer to national-level organizations such as congresses, ministries or agencies.

Communities consist of local private for-profit and non-profit organizations and, in some cases, local governments in the form of elected councils and other bodies.¹⁶⁹ Local governments have some specialized problem-solving capacity depending on the development context. The NGOs (for-profit and non-profit) have other more specialized and diverse problem-solving capacities usually focused on their particular profit or substantive interests.

2. Local organizations in development are an increasing focus of attention for the following reasons.

- Experience demonstrates that government-to-government assistance programs alone have been insufficient to achieve the objectives of broad-based, sustainable economic and social development. Addressing only the formal “enabling environment” as a top-down approach with the central government must be balanced with direct support to the non-governmental sector.
- Democratic governments, donors and academics universally endorse participation as a key objective. Participatory local organizations and the role of those organizations in the process of decentralization are the keys to building democratic societies with citizens capable of identifying and addressing their problems, such as poverty.
- Participatory development requires a mix of donor support to both the public and private sectors at both the national and sub-national levels. “Public” includes both national government ministries and agencies and sub-national governmental bodies, including local government. “Private” is civil society and non-governmental organizations that are both for-profit and non-profit.

¹⁶⁸ The district, province and state are examples of units at the sub-national level.

¹⁶⁹ “Local Government (LG) differs from “Local Administration” (LA) in that LGs are locally elected and represent community or municipal interests while LA is the local representation of national or sub-national government (e.g., the town’s or city’s agricultural extension office, the public health-care center and the public school).

3. Development of local government and civil society has converged in time, geography and investment of effort.

- The evidence reveals a shift in the perception of political leaders and NGO leaders *vis-à-vis* each other. Historically there has been an antagonistic relationship between NGOs and local and national governments. However, in some countries this antagonism has evolved into a collaborative, problem-solving effort, especially where governments have become democratic and participatory. However, in those countries where local elections have not taken place, or where civil society has not yet developed, this convergence has not emerged. Nevertheless, these findings indicate goals and objectives for programs as well as a vision for policy.
- In countries where this convergence has been noted, there are examples of local NGO leaders, once the democratic process takes place, becoming locally elected officials who cement the relationship between civil society and government.
- The potential synergy from combining participation and decentralization objectives and programs is significant. The two concepts are mutually supportive. Decentralization without adequate participation of citizens is meaningless while participation is thwarted if government services are not devolved so that local organizations (NGOs and GOs) can effectively participate in establishing the agenda, priorities and responsibility for those services.
- Donors now see the two as parts of a whole, often combining their programming in an integrated manner. Indeed, the review of cases from Latin America, Africa and Asia shows that such programs are integrating publicly elected bodies that have political legitimacy with private organizations that have needed expertise to form a network of linkages which enhance the local problem-solving capacity as well as enhance good governance practices.

4. The creation of an appropriate enabling environment conducive to LO development is crucial.

- The concept “enabling environment” goes far beyond the concept of legislation, law and registration facilities so that NGOs can

become formal organizations. The enabling environment encompasses the creation of opportunity and structures so that local organizations can engage each other and government agencies at all levels and play important roles in problem solving and the provision of services. Donors support the enabling environment in such areas as decentralization, democratic governance, natural resource management, conflict prevention and privatization.

- Donors are in agreement over the importance of an appropriate enabling environment for the fostering of civil society, NGOs and other local organizations. Most have supported the worldwide trend towards decentralization which has its roots in the growing importance accorded to participation, the origins of which can be traced back over 20 years.

5. The concept of enhancing “social capital” is an important development goal.

- Social capital is the network and structure of local organizational capacity. The concept builds upon earlier concepts of institution building and organizational strengthening. Many USAID programs have had the goal of networking among local organizations and forging movements as intermediate goals. Through local organizations, individuals coalesce around common interests that can build upon and expand beyond the narrower family and kinship structures and thus engage in problem solving common to broader segments of society.
- Participation forms social capital. The efforts and investments in facilitating participation, participatory methods and strategies, and the underlying hypotheses, have been justified as a necessary investment for major changes in development strategy during the past decade – specifically in the areas of democratization, civil society, decentralization and conflict prevention. The networks developed and enhanced formed social capital and thus form the context and structure to support democratization, civil society, decentralization and conflict management.
- The relations formed as a result of the convergence of local government and civil society described above are part of the social capital linkages that lead to increased problem-solving capacity and efficiencies for local organizations.

- The task is to establish linkages and networks among existing capacities in a way that will harmonize priorities and focus community capacity toward a democratically established hierarchy of problems to be solved, combining the legitimate political power of the locally elected government with the expertise of the local NGOs. In situations where the capacity within local organizations (non-governmental and governmental) is lacking, the chore is two-fold: 1) to extend the linkages beyond the immediate community to regional, national and even international sources of expertise and funding,¹⁷⁰ and/or 2) to strengthen those organizations directly.
- If the policy toward local organizations is focused on the linkages and networking aspects, they will become more efficient, have broader and more representative membership and constituencies, and accumulate greater problem-solving skills. Over time local organizations will find their capacities and linkages steadily expanding and strengthened.
- A focus on the network and linkages of social capital as concepts for a policy toward local organizations as an end in themselves will lead to more diverse communities with greater freedom of expression, access to information, participation in debate, and greater problem-solving capacity.

6. The networking and linkages of local organizations are now ends in themselves, and by facilitating their development and the use of participatory planning, they establish a hierarchy of problems to be solved.

- This is the epitome of participation, which has been a primary donor goal for many years (its importance was highlighted throughout the 1984 USAID Policy Paper on Local Organizations in Development). However, until recently, the integration of civil society and local government was not seen as a practical possibility because the two were usually antagonistic forces. While this remains true in many countries where governmental structures are characterized as “non-participatory” regimes or highly centralized governments, the role of local organizations as important tools of development is now increasingly recognized.
- The enhanced problem-solving capacity by local organizations will lead to the identification of needs and, if supported materially, the resolution of a wide range of problems in a decentralized manner, in such diverse areas as the economic and social development

¹⁷⁰ This is the linkages focus from the social capital literature that is reviewed in this report.

sectors, poverty reduction, equality of women and marginalized groups, democratic governance and conflict prevention.

- The goals of increased resource mobilization from a greater variety of sources, including local, national and external, and more effective collaboration with external partners will be achieved.

7. Conflict is often a local problem and targeted assistance to local organizations can prevent and mitigate the potential for conflict.

- One of the characteristics of the past 20 years has been the ever-increasing amount of local conflict, and USAID and donors have conducted considerable research and activities aimed at conflict management—prevention, mitigation and resolution (CPMR).
- USAID has accumulated extensive experience showing that donor support at the grassroots level is crucial to prevent societies or marginalized groups within societies from resorting to violent solutions to solve their problems. The Agency's overall efforts to create participatory systems of governance, if carefully designed and strategically poised, contribute to local stability.
- Working with local organizations to promote empowerment, advocacy, decision making and participation in citizens' own development presents opportunities to prevent the resort to violent solutions by groups alienated from the mainstream of society. Carried out successfully, such programs obviate the alternate, and far less preferable, program approach – the need to combat the effects of conflict and terrorism. USAID programs can play an important role in reducing or mitigating the incidence of conflict by opening up traditionally repressive societies to negotiated settlements, and ensuring the inclusion of marginal or previously proscribed political groups into the political process.
- Along this same line, it was found that advocacy promotion must be balanced with an effort to enable the organizations to be reformed or created otherwise the reform effort will be discredited and citizen frustration with the "system" can lead to conflict.

8. Partnerships have become an increasingly important development objective and tool.

- Since the 1984 policy paper was written, partnering has become an increasingly important policy concept. The term describes the

relationships among agencies and stakeholders from the local level to the national level, between government and the private sector, international PVOs/NGOs and indigenous NGOs, donors and implementing agents, and, most recently, as USAID's business model, the Global Development Alliance (GDA), to incorporate private capital from all sources to participate in the development effort.

- The continual forging of these partnerships is an important effort to extend the network of linkages (both horizontally and vertically) and to build the enabling environment for the mutual goals of donors and local organizations.
- The partnership concept, as it evolves, can be seen as a way that local organization, problem-solving entities are an end in themselves as sustainable solutions and not merely the means for carrying out activities.

9. Poverty reduction and gender equality objectives can be enhanced through support to local organizations.

- The subject of this review has been policy toward local organizations. Nevertheless, along with decentralization, democracy, good governance, and conflict prevention, gender equality and poverty reduction are outcomes or dependent variables. Alleviating poverty and affording women equal social and economic opportunities depends upon the organization of society and the priorities that participating citizens establish. In concluding that the problem of development is a social organizational problem, if local organizations are strengthened and linked together in networks, the problem-solving capacity of the community will be enhanced, but only for marginal groups if the donors insist on their participation through the methods of implementation.
- Virtually all indicators demonstrate that the role of women in most societies is subordinated to that of men. USAID and other donor programs of support to local organizations can benefit women by offering them new opportunities previously unavailable to them. Donors recognize that improving women's status benefits not only women, but society at large, in terms of wider educational and economic choices that lead to higher incomes (reduced poverty) and healthier families. The growth of civil society has benefited women in particular because civil society provides them with the opportunity to form new and non-traditional organizations in which

they can express their goals, aspirations and energies in areas previously closed off to them.

- Support for an enabling context described in the previous sections has been and continues to be a crucial factor so that women can be active participants in the decentralization process and in participatory planning, as well as active members of such associations as credit organizations and health services. The expansion of linkages provides women with opportunities beyond individual projects. These programs legitimize women's groups and convey prestige to them as a group, and this transfers to them the esteem with which they are held in general. It is another example of how diversity of membership in civil society can be increased by linkages that bring new perspectives and ideas into the local context.

10. Limitations of local organizations include four structural factors.

- Organizational effectiveness and strength or weakness are assessed on the basis of four structural criteria that can be applied to local governmental and non-governmental organizations: linkages; differentiation; pluralism; and solidarity.

Linkages are the number of formal and informal contacts among organizations, both profit and non-profit, governmental and non-governmental. Appropriate understanding and use of this network concept help to create coalitions to achieve common goals and to mobilize resources. USAID programs have supported such linkages in programs working with various groups such as associations, cooperatives and committees. These and partnership programs are efforts to facilitate linkages. Social capital literature demonstrates that the efficiency and utility of social capital increase with the number of linkages among organizations.

Differentiation is the diversity of skills within an organization. The extent of the variety of skills defines the degree of differentiation. This level of an organization's differentiation affects its ability to interact with donors. Moreover, if an organization has low differentiation, its ability to interact with other organizations is limited, and the number of linkages that it can sustain will also be limited. Above the organization level, there is a correlation between the level of differentiation of a society and its level of social and economic development, as well as its ability to identify and solve societal problems. Many

USAID capacity-building programs (e.g., higher education, training and other exchanges) promote differentiation.

Pluralism is a structural concept of local organizations as well as of societies. It means the degree to which it can accommodate a variety of ideas, incorporate them into its own vision or approach, and use this diversity of ideas to enhance its own validity and contribution to problem solving and results achievement. The more open an organization is to new ideas, the greater the likelihood the donor assistance will be fruitful. When an organization is unable to discuss and incorporate new approaches or goals, then that organization cannot judge if the changes offered by a donor will be productive for the organization and its mission. Low pluralism in an organization – its inability to process or incorporate greater diversity of ideas – will affect its own durability and sustainability, and may render the organization inappropriate for donor assistance.

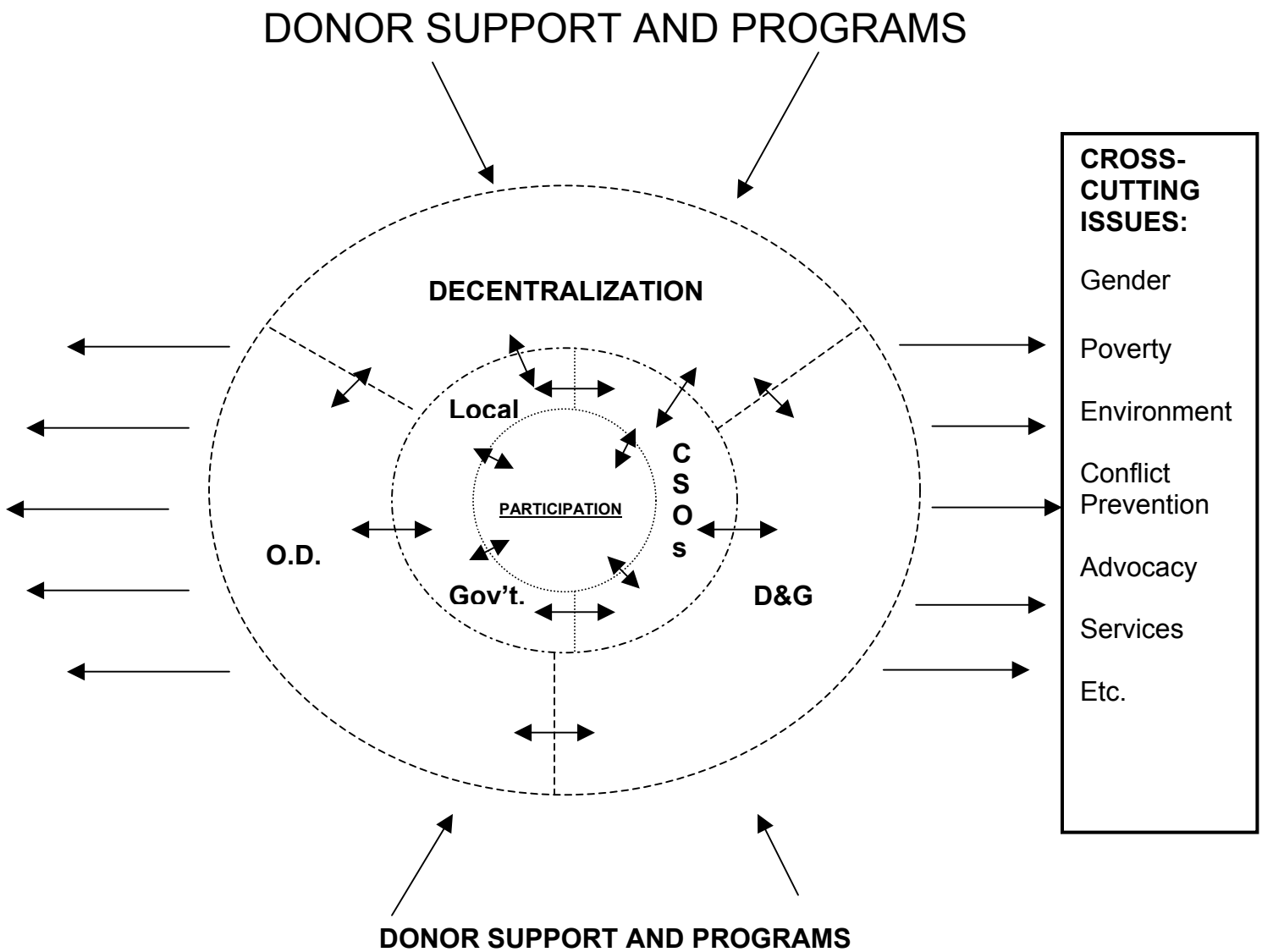
Solidarity is the strength and commitment of the organizations to carry out activities and achieve planned results. The degree of solidarity depends upon the shared understanding among members on the organization's objectives. Solidarity also means a high degree of recognition by each member as to his or her role in accomplishing the goal and contributing to the shared vision.

- The ideal organization is the one that: has the technical capability (level of differentiation) to carry out its programs; has shown that it can mobilize itself and carry out planned goals (solidarity); has the ability to consider diverse goals and decide among them (pluralism); and has a network (linkages) so that it can interact with and impact upon a diversity of other organizations so that its social capital will be more efficient.
- Donors should be able to understand and assess these variables to identify the appropriate target organizations for partnerships and also when designing programs of support to local organizations. A number of organizational assessment tools are available to measure these variables.

Illustrating a Comprehensive “Enabling Environment”

Decentralization, democracy/governance and organizational development programs create an environment so that CSOs and local government organizations can play a role and have responsibilities as local problem-solving entities based on the participation of the stakeholders. Outcomes are the locally prioritized issues. This approach envisions the establishment and strengthening of linkages as shown by the double headed arrows in the diagram below.

Envisioning the Enabling Environment for Local Organizations



VI. CONCLUSION

Donor support to an appropriate enabling environment is crucial to the success of their overall programs. This review shows that research and experience in the areas of participation, civil society, decentralization and social capital have produced a comprehensive strategic framework for approaching local organizations in development as an integral part of a USAID country development program.

ANNEX A - OPERATIONAL ASPECTS

In the course of this literature review, a number of operational and implementation aspects of supporting local organizations in development emerged. These aspects are non-policy in nature, but have an impact on policy formation. This section presents a number of these issues as an annex to this literature review of policy issues.

Social Capital

Applying the Concept of Social Capital

The concept of social capital provides a perspective with direct operational implications to keep in mind when adopting a policy that encompasses local organizations.

Communities are made up of local for-profit and non-profit organizations and, in some instances, local governments in the form of elected councils and other bodies. Communities (local governments) have some specialized problem-solving capacity depending on the development context. The NGOs (for-profit and non-profit) have other more specialized and diverse problem-solving capacities usually focused on their particular profit or substantive interests.

However, social and economic development and problem solving are more than the sum of existing diverse capacities (the technology) and social-organizational problems. The organizational task is to establish linkages among these existing capacities and organizations in a way that will harmonize priorities and focus community capacity toward a hierarchy of problems to be solved.¹⁷¹ In situations where the capacity is not within the local organizations (government and non-governmental) the chore is two-fold: 1) to help extend the linkages beyond the immediate community to regional, national and even international sources of expertise and funding, or 2) strengthen those organizations directly.

Decentralization and Good Governance

As demonstrated in USAID's experience supporting decentralization programs, such as the Senegal Decentralization and Local Governance (DLG) project, efforts at empowerment of local organizations to enable their effective participation in decentralization require close, hands-on support at the grassroots community level, working ideally in close cooperation with the central

¹⁷¹ The participation theme which was the hallmark of the 1984 policy paper extends directly into the effort found in most USAID-funded programs such as participatory planning for social investment funds, local governance development plans, the electoral process, etc.

government so that there is consistency in application of the decentralization policy at each level. The most important need for empowering local organizations seems to be capacity building in communities so that they have: the technical tools required; a clear understanding of the different roles between CSOs and local government bodies; experience in advocacy that effectively represents the needs of their membership *vis-à-vis* government bodies; and, most importantly, the linkages between the CSOs and the local government bodies in order to harmonize their efforts.

Partnerships

Partnerships can be established with the use of such instruments as Operational Program Grants (OPGs), Cooperative Agreements (CAs), Collaborative Research Support Projects (CRSPs), and Grants.

Partnering Does Not Necessarily Reduce the Burden on Operating Unit Staff.¹⁷²

It is also a fact that under certain circumstances Operating Unit staff may need training in order to foster partnerships, especially as new private sector specialties are brought to bear. An example from the family planning area on building partnerships with a USAID Operating Unit is the summary of PROFIT's¹⁷³ activities, and a collection of the lessons, insights and recommendations based on the project's experiences and recommendations for staff training. These lessons emphasize the fact that fostering partnerships is not a way to reduce staff burden even though it is an opportunity to expand Operating Unit impact beyond immediate resources because of the synergies generated when partnering with other donors.

Four Characteristics of Effective Partnerships

The following characteristics are found in effective partnerships:¹⁷⁴

- Dedication to a common goal;
- Good communication between partners;
- Flexibility and patience;
- Adequate time to shape the partnership; and
- Transparent and inclusive management practices.

In order to have effective partnerships, both the Operating Unit and the proposed partners must:

¹⁷² PROFIT: Project Compendium, <http://www.cmsproject.com/resources/PDF/PROFIT.pdf>

¹⁷³ PROFIT (Promoting Financial Investment and Transfers to Involve the Commercial Sector in Family Planning) was a USAID program to several countries from 1991-1997.

¹⁷⁴ Spevacek, "USAID's Experience with Multi-sectoral Partnerships" 4.

- Have sufficient time for relationship building;
- Engage in open communication;
- Utilize management practices that remain transparent and inclusive;
- Be accountable to each other and their respective constituencies;
- Be able to measure progress towards goals/results; and
- Be prepared to support institution building.

This advice is found time and again in the cases reviewed and our experiences. "...There will be instances when a partner may not possess the necessary skills, resources, information, and/or technical expertise to uphold their end of a collaborative effort. To resolve this, several USAID partnership activities recommend earmarking funds specifically for institution building, through the provision of technical assistance and training, if necessary."¹⁷⁵

Survey, Training and Analysis Tools

This material is extensive and has been prepared by many USAID and other-donor agencies as well as by the PVO and NGO community. In 1998, USAID's Research and Reference Services (PPC/CDIE/DIO/RRS) prepared an extensive review of partnering and indicators for assessing partnerships suitable for applying the policy principles. See: <http://www.usaid.gov/pubs/isp/hndbooks.html> for continual updating.

Tools for Establishing Partnerships:¹⁷⁶ Identifying Mutual Objectives

Stakeholder analysis has been a key analytical tool over the last two decades to try to examine the interested parties, identify expectations and envision the breadth of the partnership. USAID has made it standard ADS policy for Operating Units to perform a thorough stakeholder analysis before launching a program in order to identify potential partners as well as the opposition. Incorporation of the findings of the stakeholder analysis into program planning ensures inclusion of all key players as well as identification and awareness of sensitive and potentially harmful issues.

A second area to be examined is the identification and definition of indicators and the results to be achieved. This area is one that can be the basis for a substantial feeling of partnership and inclusion of stakeholders in the participatory planning process. However, two common problems often arise. One is that, in the enthusiasm of mutual design and agreement upon the results indicators, often there are too many indicators that too frequently lack a realistic cost analysis or the actual process of gathering the necessary data. The second problem is the analytic capacity of both the Operating Unit and the local organization.

¹⁷⁵ Ibid, 10.

¹⁷⁶ See Charles Chanya *et al* (1998 and 1999).

Overview of Best Practices and Lessons Learned¹⁷⁷

Best Practices to Achieve Equality in the Relationships

The following best practices and lessons learned have been presented:

1. Determine the appropriateness of the partnership/alliance and assess potential partners' capacity and resources.
2. Create a common agenda by planning early and together.
3. Develop an operational road map, which may include signing a memorandum of understanding.
4. Build strong partner relationships by:
 - a. Remaining realistic about partners' differences (sectoral, cultural, etc.).
 - b. Articulating and trying to understand each other's differences and concerns.
5. Build mutual trust which requires:
 - a. Allowing time for the relationship to coalesce.
 - b. Maintaining open lines of communication.
6. Incorporate inclusive and transparent management practices.
7. Ensure partner accountability.
8. Measure and evaluate goals and objectives – at the outset and during the partnership.
9. Develop and build upon the institutional capacity of partners.
10. Keep in mind that partnerships are limited in what they can achieve.
11. Recognize that external factors may hinder partnerships.
12. Understand that leveraging of resources can dilute the focus of the partnership, and add to operational complexities.
13. Learn from the experiences of past partnerships and alliances.
14. Document and disseminate lessons learned and best practices.

¹⁷⁷ Spevacek, "USAID's Experience with Multi-sectoral Partnerships" 14.

15. Incorporate an action plan for sustaining the benefits of a partnership or alliance after funding ends.

Six Characteristics of Umbrella Groups

Umbrella groups were shown to have six important characteristics relevant to USAID policy toward using these types of partnerships as country strategies:

- They are a link in a chain from funding and policy sources to a broad spectrum of local organizations.
- They provide critical masses for sector planning.
- They provide links with other funding opportunities (a key point for local sustainability and USAID exit strategies).
- They allow for interaction with local governments at the national level as a means to more participatory policy making. They also allow for policy dialogue with traditionally bilateral agencies.
- They promote decentralization and define terms of disengagement of international PVOs.
- They build bridges between environmental conservation NGOs and sustainable-use development NGOs.¹⁷⁸

Other Donors

Looking at the European approach for alternatives (mainly the EU and most bilaterals), one sees how local organizations can be treated more than as means to ends. This is quite a different model from USAID's use of NGOs as contractors and grantees.

Use of Unsolicited Proposals

The major difference between USAID and the European bilateral donors is in the degree of autonomy allowed to their national NGOs using their funds for development and relief activities. As noted above, the Europeans normally provide generally unspecified grants to their NGOs, leaving to them the decisions

¹⁷⁸ In the 1980s the concept of sustainable uses was just beginning to be incorporated into the conservation movement. The development of environmental umbrella grants and consortia also began in the 1980s and flourished in the 1990s, for example, across Central America, Madagascar, Botswana, and the whole coastal zone management effort – Ecuador and Thailand – had this strategy of combining environmental and development concerns.

on the allocation of funds within the target countries. USAID, through its Strategic Objective and Results-Framework processes, determines the specific purposes with identified targets, and NGOs are invited to submit bids and proposals to implement them. USAID also employs a system for disseminating information on new or continuing programs called the Annual Program Statement (APS). After a USAID Operating Unit signs a new Strategic Objective agreement with the host government, the Operating Unit issues an APS to attract interested bidders to participate in the program, typically U.S. contractors, grantees and NGOs.

European NGOs and other partners often make unsolicited proposals to special branches of their respective governments based on general guidelines for areas of interest, e.g., democracy/governance, human rights, economic growth, agriculture, health and relief. European NGOs may link to a local NGO in a developing country (either a national or sub-national NGO) that agrees to contribute a small portion to the activity being proposed for donor funding. But the same principle is applied; the donor provides general policy guidelines while the NGOs determine the nature and scope of the activities, and identify the local partners with which to collaborate.

The use of unsolicited proposals is more common than for USAID-funded NGO activities. Like the European bilaterals, and also the European Union, the Inter-American Foundation also channels a large amount of its program through unsolicited proposals. USAID's use of unsolicited proposals is, according to its operating guidelines, an exception to the competition principles.¹⁷⁹ Similar to the Europeans, who may also provide grants directly to NGOs and local organizations in a developing country, most USAID grants can be given to NGOs not listed on the Agency register thus enabling USAID to work with a large number of local organizations directly.

Civil Society and Local Government Platforms

The EU admits that it does not yet have much experience in the mechanisms needed to run extensive programs of support to local organizations and decentralization. This includes such areas as networking and public-private partnerships, and recognizes the need to develop greater capacity to manage these kinds of programs, including support to host governments to develop greater capacity to implement these kinds of activities. The EU has established in some developing countries a Civil Society Forum and a Local Government Platform, with links to ongoing EU-funded programs in democracy/governance.

- One model of civil-society local development was the Phare Partnership Program (PPP) in countries of the former Soviet Union and

¹⁷⁹ Sometimes, firms, universities and NGOs submit proposals on their own, and then the Operating Unit has to decide whether what is proposed is consonant with the SO. However, there are strict controls on the criteria for submitting and reviewing unsolicited proposals.

its satellite countries of Eastern Europe.¹⁸⁰ PPP, a part of the much larger Phare¹⁸¹ program, was established in 1993 to strengthen the capacity and role of NGOs in local economic development. The program co-funded a total of 230 small-scale projects but was beset by a number of management problems, highlighted in the final evaluation. These included:

A tendency of EU headquarters to limit autonomous decision-making to the two regional field offices responsible for managing the program, resulting in a sense of “remoteness” from the NGOs being targeted for assistance; a grants-management system that focused on inputs to the exclusion of effective results monitoring, which limited strategy and policy development; unresponsiveness to local conditions and a failure to develop sustainable NGO capacity overall; and the absence of mechanisms for testing the suitability of partners before deciding on grant awards.

NGOs receiving PPP grants cited a number of issues, including the short-term nature of the support provided, which weakened the sustainability of the partnerships and in some cases minimized the expected outcomes.

Based on these shortcomings, EU is developing a follow-on civil society program called “Access” which combines the NGO enhancement program of PPP and the social targeting of disadvantaged groups of a separate program.

Suggestions for Improving Grants Management

The European Union¹⁸² offers the following suggestions for ways to improve grants management to NGOs:

- Outsource and ensure that any intermediary bodies are able to deal with NGO needs;
- Streamline the number of projects;
- Improve selection procedures and the quality of projects selected;
- Conduct a thorough assessment of the financial and operational capacities of NGOs; and
- Confirm the rules on financial guarantees.

¹⁸⁰ European Union (EU), “Evaluation of the Phare Partnership Programme [PPP]” Final Report (Nov. 1998).

¹⁸¹ “Phare” means “lighthouse” in French.

¹⁸² European Commission (EC), “The Commission and Non-Governmental Organizations: Building a Stronger Partnership” EC Discussion Paper (Jan. 2000).

Social Investment Funds

Among the World Bank's tools are Social Funds and Demand-driven Investment Funds (DRIFs).

Social Funds¹⁸³

Social funds were initially designed to respond to emergency needs, often in post-conflict situations, as a quick-disbursing mechanism to provide direct, small-scale assistance to vulnerable populations. They evolved to address negative impacts of structural adjustment programs on the poor. They now serve as a relatively autonomous way to provide needed small-scale assistance to poor populations through local government, NGOs and local organizations, including CBOs and CSOs.

The evaluation defines social funds as follows:

Agencies that finance small projects in several sectors targeted to benefit a country's poor and vulnerable groups based on a participatory manner of demand generated by local groups and screened against a set of eligibility criteria. Social funds operate as second tier agencies in that they appraise, finance and supervise implementation of social investments identified and executed by a wide range of actors, including local governments, NGOs, local offices of line ministries and community groups. Objectives of social funds can range from providing compensation to the poor during times of economic crisis and adjustment to long-term poverty alleviation and social capital creation in marginal areas and populations.¹⁸⁴

Social Investment Funds typically focus on the "social sectors," i.e., health, education, water and sanitation. "As such, most social funds differ quite a bit from the routine functions of line ministries and local governments, as well as the usual centralized donor-financed investment project."¹⁸⁵

Social funds do not directly execute funds but "appraise, finance and supervise them through other agencies, such as local representatives of line ministries, local government, NGOs and/or community groups." The investments are typically wide-ranging in their application, from social infrastructure and services to economic and productive investments, micro-credit and social assistance

¹⁸³ World Bank, "Letting Communities Take the Lead—A Cross-Country Evaluation of Social Fund Performance" (CODE2001-0092) (Oct. 2001). and World Bank, "Social Funds: A Review of World Bank Experience" (CODE2001-0090) (Oct. 2001).

¹⁸⁴ World Bank, "Letting Communities Take the Lead" 1.

¹⁸⁵ Ibid. 35.

programs. They respond to proposals from a variety of local agents. Social funds usually operate autonomously from the government.

What distinguishes social funds programs from other poverty alleviation programs is their focus on community-based and community-led decision making for project selection and design. Since 1987 the Bank has implemented 98 social funds projects in 58 countries for a total of over \$8 billion.

The role of local governments in administering social funds has become more significant for countries implementing decentralization policies.

Also distinguishing social funds from other Bank projects are their flexibility of application and capacity building at the grassroots level. Social funds can be executed directly with communities through NGOs, CSOs and CBOs.

Social funds typically utilize a method of targeting the most vulnerable to address the poor. The evaluation shows that recipients of social funds projects have had a positive impact on raising household welfare. The principal factors underlying social funds' success appear to be this focus on a variety of methods of poverty targeting, including both geographic targeting and household targeting.

The study finds that infrastructure improvements have been sustainable, attributing this in part to the autonomous nature of social funds agencies, which promote efficiency and efficacy as well as capacity building. Another feature is lower unit costs of operation than those managed by government agencies. Finally, 75 percent of the terminated programs required contributions by the communities which promoted ownership. The main impact of social funds has been on *local* institutional development.

Because social funds projects initially addressed crisis issues, the evaluation points to the need to incorporate a more solid transition to longer-term development issues, which may require changes in operating procedures and activity design. Among the needs identified for improvements are:

- Participatory local planning;
- Shift from infrastructure to service delivery;
- Shift from tracking inputs and outputs to development achievements;
- More attention to the policy framework and investments needed to assure sustainability;
- Greater targeting of the poor (because in some cases non-poor benefit disproportionately from social funds projects); and
- Trade-off between maximizing impact and reducing recurrent costs.

The evaluation concludes that “social funds are clearly a complement to, and not a substitute for, effective sectoral policies; nor should they try to fulfill all the

investment financing needs of all poor communities, and social funds' success in promoting community-led development makes them a promising instrument for poverty reduction strategies."¹⁸⁶

Demand-driven Investment Funds (DRIFs)

Unlike social funds, which are managed by government agencies, DRIFs transfer funds directly to local communities in response to their respective proposals. The proposing communities are then responsible for design, implementation and financial management of their projects, including procurement. A wide variety of community groups are included, such as associations, producer groups and cooperatives.

Though DRIFs are fairly recent, the lessons from Brazil and Mexico are very positive.

In Mexico, local governments and communities have implemented 30,000 sub-projects in three years with average costs 30-60 percent less than projects implemented in the traditional way. In Bank-financed projects in northeast Brazil the percentage of project funds reaching communities has risen from 45 to more than 90 percent. Local people are much more satisfied with the projects than in the past and are actively maintaining them. (p 77)

Experience has shown that for both social funds and DRIFs, provision of access to technical assistance to the recipient groups can be key.

Overcoming Limitations

There is a synergy to be had in the linkages between organizations when there is an enabling context and the local organizations carry out activities that resolve locally identified problems. If these three aspects are not present – linkages, enabling context and local problem-solving capacity – then organizational development will not be productive and may even be counterproductive in the short run. The key is to balance these three areas. For example:

- Organizational development for a strong advocacy program needs to be balanced with enabling activities for the organizations where change is needed.
- Local government strengthening needs to be complemented with decentralized responsibilities and authority.

¹⁸⁶ Ibid. 208-209.

- Integrating activities bringing local NGOs and local government together need to have the above perspectives in balance if they are to be non-antagonistic partners for increased local problem-solving capacity.

One of the operational aspects of directly engaging grassroots, informal or culturally based organizations, e.g., tribal, is the Agency requirement that the organization be formally and legally constituted and that it be able to submit financial records that can be audited. Accordingly, Operating Units work through PVOs or local NGOs and depend upon them to engage the informal or grassroots organizations. Working through an intermediary places the Operating Unit one step further away from the local organization. This means that the programs have to be sensitive to local social organization and also include in the results framework and corresponding indicators methods and strategies that ensure the engagement of these types of organizations and account for their organizational development.

Roles Local Organizations Play¹⁸⁷

Planning
Resource Mobilization
Coalition Building
Advocacy
Contracting
Service Delivery
Membership Recruitment
Monitoring
Networking
Internal Management

Useful Tools That Have Been Developed

For countries and communities, tools such as the "NGO Sustainability Index" and "Civil Society Index" are useful to identify the strengths and weaknesses of local governance as well as the degree of participation of civil society in local problem solving.

NGO Sustainability Index

"The annual NGO Sustainability Index is the Bureau for Europe and Eurasia's premier instrument for gauging the strength and continued viability of the region's NGO sectors. The Index analyzes seven different dimensions of the NGO

¹⁸⁷ Gleaned from the original policy paper and Harry Blair's suggested roles in personal communication with Joan Atherton, Senior Social Scientist for USAID PPC/PDC and CTO for this study.

sector: legal environment, organizational capacity, financial viability, advocacy, public image, service provision, and NGO infrastructure. Taken together, these dimensions provide a basic description of what a sustainable NGO sector should look like.”¹⁸⁸

Civil Society Index

The CIVICUS Civil Society Index is a diagnostic tool designed to assess the health of civil society at the national level. It consists of an eight-question survey that provides an instant picture on the state of civil society at the community level.¹⁸⁹ This can be used very quickly with key informants from communities to develop a general idea of the image or reputation of local organizations as well as their activity in the community.

DOSA - OCA

To assess the capacity of local organizations the “Discussion Oriented Strategic Assessment” (DOSA) or “Organizational Capacity Assessment” (OCA) are comprehensive tools for assessing the capacity of local organizations and their networking with other organizations, both horizontally and vertically related to them. The important part of the DOSA approach is the participatory methodology that brings together members of the staff of the organization to analyze and reflect upon their activity to date and their vision of the future of the organization. In this way they avoid the early pitfall of strategic planning that includes only the executives who later had the problem of “selling” the strategic plan and vision to their staff. The old approach also ignored the information managed by all members of the organization but not commonly disseminated.¹⁹⁰ These tools fit very well into the “performance improvement” approach described earlier. It is important to note that there are not absolute benchmarks in this approach. The indicators imply basic organizational levels, but they are rather pragmatic in the sense that each organization is assessed by the presence or absence of activities or resources and the plans it has developed to improve accordingly.

The section on participation explains that bringing together the local private organizations with the local government by means of participatory planning techniques provides significant synergies. The illustrations cited were from Peru and the Philippines, but many programs of decentralization have brought together local private and public organizations. This combination of efforts represents a social organizational goal for strengthening the problem-solving capacity of communities and regions.

¹⁸⁸ http://www.usaid.gov/regions/europe_eurasia/dem_gov/ngoindex/index.htm

¹⁸⁹ http://www.civicus.org/main/server_navigation/skeletons/Civicus_01/forms/survey.cfm

¹⁹⁰ An example of this vision and approach was used in the NGO strengthening program in Peru and the manual was “Gestión Para el Desarrollo Organizacional,” by Merschrod, Bobadilla & Dumler (Lima: Pact Peru, 1998).

In keeping with the social capital perspective, the linkages to other similar organizations and between NGOs and local governments (horizontal) and upward and downward linkages (vertical) are part of the organizational assessment, and they should be part of the organizational strengthening activities. In other words, the vertical linkages range from developing support from donors to facilitating coordination for regional approaches, and developing organizational skills to ensure a solid grassroots basis for problem identification and the mobilization of local resources. As indicated in the section on partnerships, these types of programs require a great deal of Operating Unit staff time or time on the part of executing agencies. They also require concrete, funded activities where all stakeholders have defined responsibilities.

ANNEX B - WORKS CITED

Ad hoc NGO Working Group of Environmental Organizations. “Partners or Hired Hands? Procurement Reform for Effective Collaboration between NGOs and Multilateral Institutions: The Case of the Global Environmental Facility of the World Bank.” Washington, 1997.

Associates in Rural Development, Inc. (ARD). “Evaluación del Programa de Comunidades en Transición de USAID/G-CAP en Ixcan (Quiché) y Barillas (Huehuetenango).” Washington: ARD, Inc., Feb. 1999.

Associates in Rural Development, Inc. (ARD)/Senegal, and USAID/Senegal. “Senegal Decentralization and Local Governance Support Program: Annual Program Report 2001.” Nov. 2001.

AusAID. “December 2001 Strategic Plan.” [AusAID website](#). Online.

Belloni, Roberto. “Civil Society and Peacebuilding in Bosnia and Herzegovina.” *Journal of Peace Research* 38.2 (2001): 163-180.

The concept of civil society has acquired an unprecedented worldwide popularity, especially in development programs. This article investigates the international effort to build civil society in Bosnia and Herzegovina in order to foster peace and democratization, this in response to disappointment with traditional economic, military, and political strategies. The results of this major investment of resources, however have been unsatisfactory. The international community’s lack of a coherent long-term strategy and the adoption of a conception of civil society that is often at odds with Bosnian context and history hinder the transition to genuine reconciliation among the three ethnic groups. Examining two major areas of intervention – facilitating the advocacy role of local civic groups and fostering citizens’ participation – I show that the international community has failed to comprehend both the political and the social meaning of its involvement. Although the focus on civil society is meant to overcome the limits of external regulation and to emphasize indigenous and community-based contributions to peacebuilding, the international community’s approach is to make local development dependent upon the international presence. The result is a failure

to address the structural problems that affect the country and to hinder, rather than foster, the formation of an open and democratic civil society.

Bensky, Roberta. "DAC Scoping Study of Donor Poverty Reduction Policies and Practices." Poverty Reduction Documents – Best Practices. Paris: OECD DAC, 17 Jun. 2000.

Blair, Harry. "Civil Society Strategy Assessment for Bolivia & El Salvador." USAID/Washington, D/DG. 2002

Blair, Harry. "Participation and Accountability at the Periphery: Democratic Local Governance in Six Countries." *World Development* 28.1 (2000): 21-39.

Democratic local governance (DLG), now a major subtheme within the overall context of democratic development, promises that government at the local level can become more responsive to citizen desires and more effective in service delivery. Based on a six-country study sponsored by USAID (Bolivia, Honduras, India, Mali, the Philippines and Ukraine), this paper analyzes the two topics of participation and accountability, finding that both show significant potential for promoting DLG, though there seem to be important limitations on how much participation can actually deliver, and accountability covers a much wider range of activity and larger scope for DLG strategy than initially appears.

Bratton, Michael. "Beyond the State: Civil Society and Associational Life in Africa." *World Politics* 41 (1989): 407-430.

The current scholarly preoccupation with the state may obscure more than it reveals for students of politics in sub-Saharan Africa. The weakly formed state in Africa – beset by decline in economic production and political authority – is now retreating from overambitious attempts at social transformation. The time therefore is ripe for societal actors to play an enhanced role in political change. This article reviews the current literature on state-society relations in Africa with particular emphasis on the nature of African associational life and the extent to which it is taking on a politically organized form as an identifiable civil society. The author proposes a theoretical framework and research agenda that takes account of the capacity of either state or societal actors to exercise a range of options to engage or disengage.

Cambronero, Sergio. “Estudio de Caso de la Descentralización de la Policía Nacional: Hatillo, Costa Rica.” Unpublished case study by IC-NET and Chemonics International, Inc. for the IDB and funded by the Japanese government, 2000.

Canada International Development Agency (CIDA). “Canada and the World.” Foreign Policy Statement. 1995. [CIDA website](#). Online.

Canada International Development Agency (CIDA). “Canadian Partnership Branch Annual Achievement Report for 1999-2000.” [CIDA website](#). Online.

Canada International Development Agency (CIDA). “Canadian Voluntary Organizations and CIDA: Framework for a New Relationship.” 1996. [CIDA website](#). Online.

Canada International Development Agency (CIDA). “NGO Project Facility Guide.” [CIDA website](#). Online.

Cernea, Michael. “Non-Governmental Organizations and Local Development.” World Bank Discussion Paper No. 40. Washington: World Bank, 1988.

Chanya, Charles, and Stephanie McNulty. “Partnering for Results: Assessing the Impact of Inter-Sectoral Partnering.” Washington: USAID, 1999. [USAID website](#). Online.

Chanya, Charles, Stephanie McNulty, and John Pennell. “A User’s Guide to Intersectoral Partnering.” Washington: USAID, 1998. [USAID website](#). Online.

Charlick, Robert B. "Popular Participation and Local Government Reform."

Public Administration and Development 21 (2001): 149-157.

Does decentralization, & particularly the creation of democratically elected local government, broaden mass political participation & make local government more effective & responsive? Evidence from two African Countries that have democratized to varying degrees & through different approaches, this study makes two major points. First, although many of the hypotheses & initial findings of the Cornell Participation Project regarding the role of local organizations may still be valid, they remain largely untested in much of Africa because local government reform has been so limited & so recent. Second, in the limited number of cases where reform of local government has occurred in Africa, popular participation directed toward these governments can make them more responsive. This is only true, however, under particular circumstances, notably where projects with strong local & international non-governmental organizational support chose to link to local government as well as to exert influence over policy at other levels of the political system. The fear expressed by some civil society actors that the focus on local government may be narrowing the opportunities of non-governmental associations to influence development policies is not confirmed in these cases.

Charney, Evan. "Political Liberalism, Deliberative Democracy, and the Public

Sphere." *American Political Science Review* 92.1 (1998): 97-110.

Theorists of democracy emphasize the importance of a public sphere, distinct from the apparatus of the state, where citizens can freely associate, deliberate, and engage in collective-will formation. Discourse ethicists and deliberative democrats locate the public sphere within civil society and the associations that comprise it. For Seyla Benhabib, the public sphere is constituted by the anonymous public conversation of civil society. By contrast, John Rawls has a much more limited concept of the public sphere, and public reason, which establishes norms for democratic discourse, applies to a limited domain. The author defends Rawls' view against the charge that it depends upon an untenable distinction between the public and nonpublic spheres. He argues that Rawls' more limited liberal conception better guarantees the heterogeneity of associational life in civil society. Then he argues that Rawls violates his own principles by partially collapsing the public-nonpublic distinction, with potentially illiberal consequences.

Chemonics International, Inc. "Internal Evaluation – Indonesian Civil Society

Support and Strengthening Program (CSSP)." By Kris Merschrod,

consultant. Washington: Chemonics, Feb. 2001.

CIVICUS. "Civil Society Index." CIVICUS website. Online.

Clarke, Tim. "EC Support for Development NGOs." European Commission,
2000. OECD/DAC website. Online.

Coakley, John. "Approaches to the Resolution of Ethnic Conflict: The Strategy of
on-territorial Autonomy." *International Political Science Review* 15.3
(1994): 297-314.

Given the essentially territorial nature of the state, it has sometimes been assumed that attempts to resolve ethnic conflict by devolving power to ethnic groups must follow territorial lines. The present article assesses an alternative, "non-territorial," approach that has had some limited success as a device for the resolution of ethnic conflict. The origins of this approach may be traced back to the traditions of certain pre-modern states. A more systematic scheme of non-territorial autonomy appropriate to the modern state was elaborated in Austria-Hungary during its last years, and some instances of its attempted application may be seen immediately before and after the First World War. In the contemporary world, elements of this approach have been present in efforts to resolve the problems of indigenous minorities and in systems of consociational government.

Coleman, James S. "Social Capital in the Creation of Human Capital." *American Journal of Sociology* 94 (Supplement): 1988. pp. S94-S120.

"Community-Driven Development." World Bank website, Participation section.
Online.

"Consultations with Civil Society Organizations (CSOs): General Guidelines for
World Bank Staff." World Bank website, Participation section. Online.

Costa Rica. Ministry of the Presidency, Office of Technical Cooperation (SECTI).
Pact Survey of NGOs. 1996.

Crosby, Benjamin. "Participation Revisited: A Managerial Perspective."
Monograph No. 6. USAID Center for Democracy and Governance,
Project No. 936-5470.

de la Cruz, Hugo. "Estudio de Caso sobre Políticas de Desarrollo Social – Perú."

Unpublished case study by IC-NET and Chemonics International, Inc. for the IDB funded by the Japanese government, 1999.

Department for International Development (DFID). "Strengthening DFID's

Support for Civil Society: Report of Responses to the Consultation Paper." London: DFID, 1999.

Desesquelles, Gilles. "The Non-Governmental Actors." European Commission, 2000. [OECD/DAC website](#). Online.

Desgupta, Partha, and Ismail Serageldin, eds. *Social Capital: A Multifaceted Perspective*. Washington: The World Bank, 2000.

Eberts, Paul R., and Frank W. Young. "Sociological Variables of Development: Their Range and Characteristics," in *Sociological Perspectives of Domestic Development*. George M. Beal, Ronald C. Powers, and E. Walter Coward, Jr., Eds. Ames, Iowa: The Iowa State University Press, 1971.

Eberts, Paul R., and Mindy E. Scott. "Community Social Capital and Economic Development along the Erie Canal." *Rural Sociology* (forthcoming).

European Commission (EC). "The Commission and Non-Governmental Organizations: Building a Stronger Partnership." EC Discussion Paper. Jan. 2000.

European Union (EU). "Evaluation of the Phare Partnership Programme (PPP) Final Report." Nov. 1998.

Fukuyama, Francis. *Trust: The Social Virtues and the Creation of Prosperity*.

New York: The Free Press, 1995.

Gibney, Glenn. Interview. Chemonics Civil Society Support and Strengthening Program (CSSP), Jakarta, Indonesia. Jan. 2001.

Gilboy, Andrew, and John Gillies. "Taking Performance Improvement from North America to the Field: Lessons Learned from Guatemala and Senegal, a Pilot Activity Sponsored by the Leveraging Local Capacity and Linkages Program (LOCAL)," submitted to the Center for Human Capacity Development, USAID, Oct. 18, 2001.

Gilboy, Andrew. "Why Training Has Not Produced the Desired Results - *and what to do about it*." Washington: Associates for Global Change, Aug. 2001.

Grayzel, John. "Speculation on the Art of Development." *Perspectives and Reviews*. Online. Center for Art and Spirituality in International Development (CASID).

Grayzel, John A., Lisa Rose Magno, and Geraldo Porta. "A Partners' Consultation: Reengineering Relationships." Reengineering Best Practices No. 4. USAID/Philippines, July 1996.

Greenberg, Marcia. "USAID/WIDTech." *Women, Law and Development International*. (1999).

GTZ/Indonesia. "Decentralization News." GTZ website. Online.

Hirschman, Albert O. *Getting Ahead Collectively: Grassroots Experience in Latin America*. New York: Pergamon Press, 1984.

Holloway, Richard. "Loosing the Moral High Ground – Corruption and Misrepresentation." VIII International Anti-Corruption Conference, Lima, Peru, Sept. 1997. Respondanet Americas' Accountability/Anti-Corruption Project, NGOs and Corruption. Online.

Howell, Jude, and Jenny Pearce. "Civil Society: A Critical Interrogation; Changing Expectations? The Concept and Practice of Civil Society in International Development." Draft Background Paper for INTRAC's 10th Anniversary Conference, 13-15 Dec. 2001, Balliol College, Oxford. 3 Dec. 2001.

Joshi, Anuradha, and Mick Moore. "Enabling Environments: Do Anti-Poverty Programmes Mobilise the Poor?" *Journal of Development Studies* 37.1 (2000): 25-56.

How can 'friends of the poor' in government or other agencies design and manage their anti-poverty programmes to encourage mobilisation? We explore the options, point out the advantage and disadvantages of the more direct methods, and make a case for the indirect parametric approach: creating an enabling institutional environment, that encourages poor people, social activists and grassroots political entrepreneurs to invest in pro-poor mobilisation. We then present a language for understanding the various dimensions of the enabling institutional environment, and use it to examine two contrasting, successful cases: rural water supply in Nepal, and the Employment Guarantee Scheme in Maharashtra, India.

Kalin, Walter. "Decentralization – Why and How?" Swiss Agency for Development and Cooperation (SDC). OECD/DAC website. Online.

LaFaber, Walter. *Inevitable Revolutions*. New York: W.W. Norton. 1984.

"Lessons on Community-Driven Development." World Bank website. Online.

Lippman, Hal. "Linking Democracy and Development: An Idea for the Times."

USAID Program and Operations Report No. 29, Washington: USAID

CDIE, Jun. 2001.

Livingstone, Ian, and Roger Charlton. "Financing Decentralized Development in

a Low-Income Country: Raising Revenue for Local Government in

Uganda." *Development and Change* 32.1 (2001): 77-100.

Uganda has been engaged for a number of years in an ambitious program of political & financial decentralization involving significantly expanded expenditure & service delivery responsibilities for local governments in what are now 45 districts. Fiscal decentralization has involved allocation of block grants from the center to complement increased local tax revenue-raising efforts by districts & municipalities. This article is concerned with the financial side of decentralization & in particular with an examination of district government efforts to raise revenue with the tax instruments assigned to them. These are found to be deficient in a number of ways & their tax raising potential not to be commensurate with the responsibilities being devolved. Achievement of the decentralization aims laid down, therefore, must depend either on the identification of new or modified methods of raising revenue locally, or increased commitment to transfer of financial resources from the center, or both.

"Local Governance Report." United Nations Global Forum on Innovative Policies and Practices in Local Governance. Gothenburg, Sweden. 23-27 Sept. 1996. p. 11.

Madsen, Mikael Rask. "Hacia la Paz y la Democracia en Guatemala: Estrategia

Legales 'Suaves' en Derechos Humanos y Contrainsurgencia

Constitucional." *Revista de Ciencias Sociales* 42.2 (2000): 29-46.

The paper aims to outline how key transformations of Guatemalan society occurred in the 1980s and opened up the peace negotiations that culminated with the final peace. The changes in military strategy parallel to an evolving domestic and international human rights network became the social space out of where the transition grew. The paper argues that the rhetorical human rights practices exercised in this space transformed the positions of the players not only by yielding more capital (Bourdieu) to human rights activists, but also by influencing the structures of the state and the military.

McGee, Rosemary, Josh Levene, and Alexandra Hughes. "Assessing Participation in Poverty Reduction Strategy Papers: A Desk-based Synthesis of Experience in sub-Saharan Africa." Draft report. Sussex: University of Sussex Institute of Development Studies Participation Group, Oct. 2001.

Medrano, Jaime. Case Study of Decentralization. Unpublished draft for Japanese-funded Inter-American Development Bank study of "Decentralization and Participation" in five Latin American countries. 2001.

Medrano, Jaime. "Participación Popular y Descentralización – 3 Municipios de Cochabamba." Unpublished draft for Japanese-funded Inter-American Development Bank study, 2000.

Merschrod, Kris. "ACORDE – Ten Years Later: A Decade of Organizational Evaluation." CARE Conference on the Formation and Strengthening of Organizations. Guanacaste, Costa Rica, Jun. 1998.

Merschrod, Kris. "Coming Down from the High Moral Ground: Confronting Reality – Types of NGO Corruption, Their Causes and Solutions." VIII International Anti-Corruption Conference, Lima, Peru, Sept. 1997.
Respondanet Americas' Accountability/Anti-Corruption Project, NGOs and Corruption. Online.

Merschrod, Kris. "Decentralization, Participation and *Gobernación* – antagonists from distinct traditions." Rural Sociology Meetings. Washington, DC. Aug. 2000.

Merschrod, Kris. "The Evolution of the Geographic Focus. PVO Support Project Activities: 1993-1997." USAID internal evaluation. Lima, Pact Peru, Jan. 1997.

Merschrod, Kris. "The Impact of Training on NGO Management Practices – Before and After Study of NGOs Trained in 1996." Pact, PVO Support Project, Lima, Peru, Sept. 1998.

Merschrod, Kris. "The Impact of Training on NGO Management Practices and Resulting Increase in NGO Efficiency." Study of 89 NGOs Trained in 1995. Pact, PVO Support Project, Lima, Peru, Dec. 1997.

Merschrod, Kris. Interview with Mr. Warmon (CARE) and Glenn Gibney (Chemonics Civil Society Support and Strengthening Program (CSSP)), Jakarta, Jan. 2001.

Merschrod, Kris. "The Organizational Well-being of Cooperatives: A Function of the Social Formation of the Membership via Participation in Community Organizations." Diss. Cornell University, 1981.

Merschrod, Kris. "Participación en la Evaluación de Programas al Nivel Regional en Honduras." *Solidarios* 18 (1981).

Merschrod, Kris, Bobadilla, and Dumler. "Gestión Para el Desarrollo Organizacional." Pact: Lima, 1998.

Messer, N. "Relating Social Capital, Traditional Community Institutions and Decentralization Processes." Columbia University Center for International Earth Science Information Network website, online, 1998.

Meza, María. “Red de Mujeres Contra la Violencia.” Unpublished draft for the Japanese-funded IDB study. 2000.

Mohan, Giles, and Kristian Stokke. “Participatory Development and Empowerment: The Dangers of Localism.” *Third World Quarterly* 21 (2000): 247-268.

Recent discussions in development have moved away from holistic theorization toward more localized, empirical, & inductive approaches. In development practice, there has been a parallel move toward local participation & empowerment, which has produced, albeit with very different agendas, a high level of agreement between actors & institutions of the New Left & the New Right. Here, the manifestations of this move are examined in four key political arenas: (1) decentralized service delivery, (2) participatory development, (3) social capital formation & local development, & (4) collective actions for radical democracy. It is argued that, by focusing so heavily on the local, the manifestations tend to underplay both local inequalities & power relations as well as national & transnational economic & political forces. Following from this, a stronger emphasis on the politics of the local, ie, on the political use of the local by hegemonic & counterhegemonic interests, is advocated. Adapted from the source document.

Nenon, Julie. Memo to PPC/PDC literature review consultants Glenn Slocum, team leader, and Kris Merschrod. “Local Organizations and Peacebuilding: Experiences from South Africa.” 28 Jan. 2002.

Netherlands. Ministry of Foreign Affairs (MOFA). “Development Organization Partnerships with NGOs/PVOs and Civil Society.” OECD/DAC Development Cooperation Review Series No. 24. Netherlands.

Netherlands. Ministry of Foreign Affairs (MOFA). Development Cooperation Sectoral Approach Support Group. “The Sectoral Approach.” The Hague: MOFA, Jun. 2000.

Organisation for Economic Cooperation and Development (OECD) Club du Sahel. “Decentralization and Local Capacity Building in West Africa; Results of the PADLOS-Education Study” (draft), Peter Easton *et al*, May 1998.

Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC). “Canada: Development Cooperation Review Summary and Conclusions Overview.” [OECD/DAC website](#). Online.

Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC). “Denmark: Development Cooperation Report Summary and Conclusions.” [OECD/DAC website](#). Online.

Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC). “The DAC Guidelines on Poverty Reduction.” Paris: 2001. [OECD/DAC website](#). Online.

Organisation for Economic Cooperation and Development (OECD). Development Assistance Committee (DAC). “Australia: Development Cooperation Review Summary and Conclusions.” [OECD/DAC website](#). Online.

Organisation for Economic Cooperation and Development (OECD). Development Assistance Committee (DAC). “Final Report of the Ad Hoc Working Group on Participatory Development and Good Governance, Parts 1 & 2,” 1997.

Organisation for Economic Cooperation and Development (OECD). Development Assistance Committee (DAC). “France: Development Cooperation Report Summary and Conclusions.” [OECD DAC website](#). Online.

Organisation for Economic Cooperation and Development (OECD). Development Assistance Committee (DAC). “Germany: Development Cooperation Review Main Findings and Recommendations.” [OECD/DAC website](#). Online.

Organisation for Economic Cooperation and Development (OECD). Development Assistance Committee (DAC). “Japan: Development Cooperation Review Summary and Conclusions.” [OECD/DAC website](#). Online.

Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC). “The Netherlands.” Development Cooperation Review Series No. 24. Online. [OECD/DAC website](#). Online.

Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC). “Development Cooperation Review of the Netherlands: Summary and Conclusions.” The Hague: DAC, Nov. 14, 2000.

Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC). “Norway: Development Cooperation Report Summary and Conclusions.” [OECD/DAC website](#). Online.

Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC). “Sweden: Development Cooperation Review Main Findings and Conclusions.” [OECD/DAC website](#). Online.

Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC). “Switzerland: Development Cooperation

Review Main Findings and Conclusions.” [OECD/DAC website](#). Online.

Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC). “Participatory Development and Good Governance”, Development Cooperation Guideline Series, 1995.

Pact Peru. “Planificación Local Concertada con Poblaciones Rurales de Sierra: Experiencia de un Proceso de Planificación Local Concertada para el Desarrollo en Distritos de Apurímac 1996-1997.” Peru: Pact, 1998.

Pact Peru. “Planificación Participativa y Concertación en Ámbitos Rurales de la Sierra Peruana.” Peru: Pact, 1998.

“Participation and Decentralization.” [World Bank website](#). Online.

“People’s Participation in Development Processes and Institutions: Key Challenges and Ways Forward for the 21st Century.” World Bank Workshop on Poverty Reduction. [World Bank website](#), Participation section. Online.

Peru. Ministry of the Presidency. Office of Technical Cooperation (SECTI). Pact Survey of NGOs. 1996.

Putnam, Robert D. *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon and Schuster, 2000.

Putnam, Robert D. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton: Princeton University Press, 1993.

- Rawlings, Laura, Lynne Sherburne-Benz, and Julie Van Domelen. "Letting Communities Take the Lead – A Cross-Country Evaluation of Social Fund Performance." Washington: World Bank, Sept. 2001.
- Rossi, Marco. "Decentralization – Initial Experiences and Expectations of the SDC." Swiss Agency for Development and Cooperation (SDC). OECD DAC website. Online.
- Salamon, Lester M., and Helmut K. Anheier. "Social Origins of Civil Society: Explaining the Non-Profit Sector Cross-Nationally." Second Annual Conference of the International Society for Third-Sector Research. Mexico City. 18-31 Jul. 1996.
- Salamon, Lester M., and Helmut K. Anheier. "USAID and Civil Society: Toward a Policy Framework." Exposure Draft. The Advisory Committee on Voluntary Foreign Aid. Washington, DC. 5 Mar. 1999.
- Santo Pietro, Daniel, A. Sist, and Kris Merschrod. "Trends in PVO Partnership." New York: Pact, 1989.
- Slocum, Glenn. Interview with Associates in Rural Development (ARD)/Senegal Team about the USAID Senegal Decentralization and Local Governance (DLG) Support Program. Dakar. January 2002.
- Snively, Keith, and Uday Desai. "Mapping Local Government/Non-Governmental Organization Interactions: A Conceptual Framework." *Journal of Public Administration Research and Theory* 11 (2001): 245-263.

As nongovernmental organizations (NGOs) grow in numbers & importance around the globe & local governments gain capacity through decentralization processes, there is increased opportunity for the two sectors to interact with each other. Here we develop a conceptual framework for comparative analyses of

local government-NGO interactions. Five potential social functions of local governments & NGOs & the possible outcomes produced by interactions of the two sectors are examined. Research hypotheses based on the framework are developed & suggestions given for carrying out comparative studies exploring the hypotheses.

Spevacek, Anne M. "USAID's Experience with Multi-sectoral Partnerships and Strategic Alliances: An Analysis of Best Practices and Lessons Learned."
Washington: USAID/PPC/CDIE/DIS, 1 Oct. 2001.

Stone, Jennifer. *The 21st Century INTRANET*. Princeton: Prentice Hall, 1997.

Tordoff, William. "Decentralization: Comparative Experience in Commonwealth Africa." *Journal of Modern African Studies* 32.4 (1994): 555-580.

Until the late 1980's, decentralization experiments in the majority of states in Sub-Saharan Africa tended to reinforce central control rather than enhance local autonomy. However, recent moves toward political pluralism have brought a change in emphasis to more meaningful types of local participation. These have taken the form of political decentralization or the devolution of powers to representative local councils, each with its separate legal existence, its own budget, and the authority to allocate resources and perform multiple functions. However, a number of African regimes are transferring power from the center to officials of the central government in the field. Therefore, they attach a broader meaning to the concept of decentralization, using it to cover both political devolution and the de-concentration of administrative authority. In some cases, the two processes are complementary rather than separate.

United Nations Development Program, Management Development and Governance Division. "Experience to Date." UNDP website. Online.

United Nations Development Program, Management Development and Governance Division. "Factors to Consider in Designing Decentralised Governance Policies and Programmes to Achieve Sustainable People-Centred Development." New York: UNDP, Feb.1998.

United Nations Development Program, Management Development and Governance Division, Bureau for Development Policy, Decentralised Governance Programme. “Strengthening Capacity for People-Centred Development.” New York: UNDP, Sept. 1997.

United Nations Global Forum on Innovative Policies and Practices in Local Governance. “Report of the Forum,” Gothenburg, Sweden, 23-27 Sept. 1996.

United States Agency for International Development (USAID). “Country Strategy Paper – Indonesia.” Washington: USAID, 2000.

United States Agency for International Development (USAID). “Senegal Decentralization and Local Governance Support Program: Annual Report 2001.” Nov. 2001. [USAID website](#). Online.

United States Agency for International Development (USAID). “US-Asia Environmental Partnership: Five-Year Review.” Washington: USAID, Jun. 1997.

United States Agency for International Development (USAID) Advisory Committee on Voluntary Foreign Aid (ACVFA). “An Assessment of the State of the USAID/PVO Partnership.” Washington: USAID ACVFA, 1997.

United States Agency for International Development (USAID) Advisory Committee on Voluntary Foreign Aid (ACVFA). “USAID and Civil Society: Toward a Policy Framework.” Exposure Draft. Washington: ACVFA, 5 Mar. 1999.

United States Agency for International Development (USAID) Bureau for Europe and Eurasia. “NGO Sustainability Index.” [USAID website](#). Online.

United States Agency for International Development (USAID) Center for Democracy and Governance. “Decentralization and Democratic Local Governance Programming Handbook,” Technical Publication Series, May 2000.

United States Agency for International Development (USAID) Development Information Services (DIS). Memo. “Canada (CIDA) and NGOs/PVOs.” Washington, Jan. 2002.

United States Agency for International Development (USAID) Development Information Services (DIS). Memo. “SIDA (Sweden) Engagement with NGOs: Key Points from SIDA Policy Papers.” Washington, Jan. 2002.

United States Agency for International Development (USAID) Development Information Services (DIS). Memo. Summary of “Development Organization Partnerships with NGOs/PVOs and Civil Society.” UK: Department for International Development (DFID), Jan. 2002.

United States Agency for International Development (USAID) Global Development Alliance (GDA). “Predecessor Activity Inventory 1990-present.” [USAID Global Development website](#). Online.

United States Agency for International Development (USAID) New Partnership Initiative (NPI). “NPI Guidebook and Lessons Learned from 15 Countries.” [USAID website](#). Online.

United States Agency for International Development (USAID) Office of Rural Development, and the Cornell University Rural Development Committee. Rural Development Participation Project. 1977-1982.

United States Agency for International Development (USAID) PPC/CDIE. “Designing and Managing Partnerships between U.S. and Host Country Entities.” Washington: CDIE, May 2001.

United States Agency for International Development (USAID) PPC/CDIE. “The Role of Transition Assistance: The Case of Indonesia.” Washington: USAID PPC/CDIE, Nov. 2000.

United States Agency for International Development (USAID) PPC/CDIE. “The Role of Transition Assistance: The Case of Nigeria” (draft). Washington: USAID PPC/CDIE, Jan. 2002.

Uphoff, Norman, and C. M. Wijayarathna. “Demonstrated Benefits from Social Capital: The Productivity of Farmer Organizations in Gal Oya, Sri Lanka.” *World Development* 28.11 (2000).

“USAID and Decentralization.” Remarks by Donald W. Muncy, Senior Governance Officer, USAID Bureau for Africa, 18 Nov. 1999.

van Meijenfeldt, Roel. “Comprehensive Development Framework and Conflict-affected Countries: Issues Paper.” Washington: World Bank CDF Secretariat, Sept. 2001.

- Vásquez de Barraza, Sandra, and Aida Argüello de Morera. “Estudio de Caso Descentralización y Participación Ciudadana en Proyectos del BID: El Programa de Educación con Participación de la Comunidad (EDUCO).” Unpublished case study by IC-NET and Chemonics International, Inc. for the InterAmerican Development Bank, 2000.
- Wall, E. “Getting the Goods on Social Capital.” *Rural Sociology* 63.2 (1998): 300-322.
- Warman. Interview. CARE, Jakarta, Indonesia, Jan. 2001.
- Woolcock, Michael. “Social Capital and Economic Development: Toward a Theoretical Synthesis and Policy Framework.” *Theory and Society* 27.2 (1998): 151-208.
- World Bank. “Comprehensive Development Framework Questions and Answers.” Undated. [World Bank website](#). Online.
- World Bank. “Consultations with Civil Society Organizations (CSOs): General Guidelines for World Bank Staff.” Participation: Country Assistance Strategies. [World Bank website](#). Online.
- World Bank. “Comprehensive Development Framework: Country Experience March 1999-July 2000.” Sept. 2000.
- World Bank. “A Proposal for a Comprehensive Development Framework – Discussion Draft.” 21 Jan. 1999.
- World Bank and International Monetary Fund (IMF). “Review of the Poverty Reduction Strategy Paper (PRSP) Approach: Main Findings.” 15 Mar. 2002.

World Bank and International Monetary Fund (IMF). "Review of the Poverty Reduction Strategy Paper (PRSP) Experience: An Issues Paper for the January 2002 Conference." 7 Jan. 2002.

World Bank Operations Evaluation Department (OED). "Participation Process Review." Washington: OED, 27 Oct. 2000.

World Bank Operations Evaluation Department (OED). "Social Funds: A Review of World Bank Experience." Washington: OED, 3 Oct. 2001.

Wunsch, James S., and Dele Olowu. "Regime Transformation from Below: Decentralization, Local Governance, and Democratic Reform in Nigeria." *Studies in Comparative International Development* 31.4 (1996-1997):66-82.

How realistic are democratic-governance strategies that emphasize local governance as a key component? Using Nigeria's experience in local government and primary health care in the 1980s and 1990s as a case example, the article finds there were substantial shortfalls in local participation and program performance. These were caused by problems in the local political environment and local institutional design, in the national policy environment (particularly in the funding system), and by the stresses of structural adjustment, resource shortfalls, the natural physical environment, and weak leadership. These combined to create poor and inappropriate reward structures and lack of accountability. However, even though the Nigerian case was not successful, most of the specific problems that hurt it are remediable through policy changes at the national level. Several of these were under consideration at the time of the coups of 1992 and 1993.

Young, Frank W. "Review Essay: Putnam's Challenge to Community Sociology." *Rural Sociology* 66.3 (2001): 468-474.

Young, Frank W. "Reactive Subsystems." *American Sociological Review* 35 (1970): 297-307.